International Labour Conference
81st Session – 1994

Report II

Information concerning the Programme and Budget for 1994-95 and other financial and administrative questions

International Labour Office Geneva

International Labour Conference
81st Session 1994

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Information concerning the Programme and Budget for 1994-95 and other financial and administrative questions

Second item on the agenda: Programme and budget proposals and other financial questions

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International Labour Office Geneva

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Preface

1. This report comprises, in addition to material submitted for information, a number of items requiring action by the Conference. Any other items which may arise after the publication of this report and which also call for action by the Conference will be submitted to the participants through the *Provisional Record*.

2. The items requiring action are:

(a) Financial Report and Audited Financial Statements for 1992-93, which is published in a separate document available to Conference participants;

(b) assessment of contributions of new member States;

(c) scales of assessment of contributions to the budget for the 1994-95 financial period;

(d) treatment of the 1992-93 cash surplus;

(e) treatment of the amount received from the Compagnie Générale de Climatisation et de Maintenance;

(f) composition of the Administrative Tribunal of the International Labour Organization.

3. Details of these items are set out in the following pages of this report.

4. Information concerning programme implementation in 1992-93 is contained in the Report of the Director-General, under item I of the Conference agenda.

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Contents

Page

Preface iii

Financial and administrative questions

I. Financial Report and Audited Financial Statements for 1992-93 1

II. Assessment of contributions of new member States 2

III. Scales of assessment of contributions to the budget for the 1994-95 biennium 3

IV. Treatment of the 1992-93 cash surplus 4

V. Treatment of the amount received from the Compagnie Générale de Climatisation et de Maintenance 5

VI. Composition of the Administrative Tribunal of the International Labour Organization 6

Annexes

Annex 1: Third Report of the Programme, Financial and Administrative Committee (GB.259/8/22) 7

Annex 2(a): Treatment of 1992-93 cash surplus (GB.259/PFA/2/9) 15

Annex 2(b): First Report of the Programme, Financial and Administrative Committee (extract) (GB.259/8/34) 25

Annex 2(c): Programme and Budget for 1994-95: Treatment of the cash surplus arising in the biennium 1992-93 — Further information in support of the request for a partial waiver of the provisions of article 18 of the Financial Regulations 42

Annex 3: Treatment of amount received from the Compagnie Générale de Climatisation et de Maintenance, considered by the Programme, Financial and Administrative Committee at the 259th (March 1994) Session of the Governing Body (GB.259/PFA/9/7) 48

Financial and administrative questions

I. Financial Report and Audited Financial Statements for 1992-93

In accordance with articles 28 and 29 of the Financial Regulations, the International Labour Conference will be called upon to adopt the Financial Report and Audited Financial Statements for 1992-93 after their examination by the Governing Body. The Financial Report and Audited Financial Statements comprise the Director-General's financial report and audited financial statements covering the regular budget, the Working Capital Fund, and the special funds and extra-budgetary accounts administered by the Organization, including the accounts of the International Institute for Labour Studies, the accounts for the United Nations Development Programme and the various other technical cooperation accounts, including trust fund accounts. The report and the statements for 1992-93, together with the Auditor's report, will be communicated to Members as a separate document. The Governing Body's recommendation as to the adoption of the Director-General's report and the audited statements will be communicated to the Conference in the *Provisional Record*.

II. Assessment of contributions of new member States

1. At its 259th (March 1994) Session, the Governing Body, on the recommendation of the Government members of the Programme, Financial and Administrative Committee, decided to make proposals to the Conference at its 81st Session (June 1994), concerning the assessment of contributions of new member States. These proposals are set out in paragraphs 3, 4, 5, 7, 8 and 10 of the Third Report of the Programme, Financial and Administrative Committee (GB.259/8/22), which is reproduced as Annex I to this report.

2. It will be for the Finance Committee of Government Representatives to consider these proposals put forward by the Governing Body and to make appropriate proposals to the Conference.

III. Scales of assessment of contributions to the budget for the 1994-95 biennium

1. At its 259th Session (March 1994), the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee, to propose to the Conference at its 81st (June 1994) Session that it adopt the draft scales of assessment for 1995 appearing in column 4 of the appendix to the Third Report of the Programme, Financial and Administrative Committee (GB.259/8/22), which is reproduced as Annex 1 to this report.

2. It will be for the Finance Committee of Government Representatives to consider the proposals put forward by the Governing Body concerning the draft scales of assessment for 1995 and to make appropriate proposals to the Conference.

IV. Treatment of the 1992-93 cash surplus

1. At its 254th (November 1992) and 255th (February-March 1993) Sessions, the Governing Body approved expenditure reductions of $20 million and $10 million respectively, in anticipation of potential shortfalls in budgetary income in 1992-93. At the time, there were doubts as to the timely collection of some $44 million due from some member States which had fallen into significant arrears since 1991 due to severe economic difficulties. At its 258th (November 1993) Session, the Governing Body was informed by its Programme, Financial and Administrative Committee that a substantial part of the contributions which had been in doubt had been paid in the latter part of 1993 and that several other member States had taken measures to pay a part or all of their arrears.

2. The receipt of these contributions resulted in a cash surplus of 24,230,334 Swiss francs for the 1992-93 biennium ($16,710,574 at the 1994-95 budget exchange rate of 1.45 Swiss francs to the US dollar); at its 259th (March 1994) Session, the Governing Body considered a paper [1] on the use of the cash surplus. Details of the discussion of this paper are set out in Annex 2(b) to this report (extract from the First Report of the Programme, Financial and Administrative Committee, paragraphs 8 to 74, and Appendices II, III and IV).

3. As referred to in paragraph 66 of the First Report of the Programme, Financial and Administrative Committee (extract attached as Annex 2(b)), further information on the proposed use of the cash surplus has been prepared by the Office, approved by the Officers of the Committee and is attached to this report as Annex 2(c).

4. Following the discussions referred to in paragraph 2 above, the Governing Body decided to propose to the Conference at its 81st (June 1994) Session that, as an exceptional one-time measure, and in derogation of article 18 of the Financial Regulations, expenditure itemized in Appendix IV to the First Report of the Programme, Financial and Administrative Committee (extract reproduced as Annex 2(b) to this report), amounting to 21,729,700 Swiss francs be financed from the 1992-93 cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar), and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Noting that for the 1992-93 biennium an excess of regular budget income over regular budget expenditure has resulted in a cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar),

Decides, as an exceptional one-time measure and in derogation of article 18 of the Financial Regulations, to finance expenditure itemized in Appendix IV to the First Report of the Programme, Financial and Administrative Committee (extract reproduced as Annex 2(b) to this report), amounting to 21,729,700 Swiss francs from the cash surplus, thereby reducing by a corresponding amount the sum which would otherwise be available for reducing member States' contributions for 1994-95,

5. Notes that, taking into account the above appropriation, the amount available under article 18 of the Financial Regulations for reducing the assessed contributions of member States for 1995 will be 2,500,634 Swiss francs.

[1] GB.259/PFA/2/9, reproduced as Annex 2(a) to this report.

V. Treatment of the amount received from the Compagnie Générale de Climatisation et de Maintenance

6. At its 259th (March 1994) Session, the Governing Body decided on the recommendation of the Programme, Financial and Administrative Committee,[1] to propose to the Conference at its 81st (June 1994) Session that, in derogation of article 11.1 of the Financial Regulations, the amount of 3,668,185 Swiss francs received from the Compagnie Générale de Climatisation et de Maintenance be paid into the Building and Accommodation Fund for the maintenance of the headquarters building's technical installations, and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Decides, in derogation of article 11.1 of the Financial Regulations, that the amount of 3,668,185 Swiss francs received from the Compagnie Générale de Climatisation et de Maintenance be paid into the Building and Accommodation Fund for the maintenance of the headquarters building's technical installations.

[1] GB.259/PFA/9/7, reproduced as Annex 3 to this report.

VI. Composition of the Administrative Tribunal of the International Labour Organization

1. Under article III, paragraph 2, of the Statute of the Administrative Tribunal of the International Labour Organization, judges are appointed for a period of three years by the Conference.

2. At its 259th (March 1994) Session, the Governing Body decided, on the recommendation of the Programme, Financial and Administrative Committee to propose to the Conference at its 81st (June 1994) Session that, since the terms of office of Sir William Douglas, Mr. Edilbert Razafindralambo and Mr. José Ruda will have expired, it extend them by a further period of three years with effect from June 1994, and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

In accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization,

Decides to extend the terms of office of Sir William Douglas (Barbados), Mr. Edilbert Razafindralambo (Madagascar) and Mr. José Maria Ruda (Argentina) as judges by a further period of three years, with effect from June 1994.

INTERNATIONAL LABOUR OFFICE
GB.259/8/22
259th Session
Governing Body
Geneva, March 1994

EIGHTH ITEM ON THE AGENDA

Third Report of the Programme, Financial and Administrative Committee

Report of Government Members of the Committee on Allocations Matters

1. The Government members of the Programme, Financial and Administrative Committee of the Governing Body met on 21 March 1994 under the chairmanship of Mr. Vargas Campos, Coordinator of the Government Group, who also acted as Reporter.

Assessment of the contributions of new member States

(First item on the agenda)

2. The Government members considered a paper [1] containing information concerning the rates of assessment of contributions of several new member States.

Assessment of the 1993 and 1994 contributions of Georgia, Tajikistan and Turkmenistan

3. ***The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference that the rates of assessment of the contributions of Georgia, Tajikistan and Turkmenistan for the 1994 year be 0.21 per cent, 0.05 per cent and 0.06 per cent respectively.***

Eritrea and The former Yugoslav Republic of Macedonia

4. ***The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the 81st (June 1994) Session of the International Labour Conference that:***

(a) the contributions of Eritrea and The former Yugoslav Republic of Macedonia for the periods of their membership of the Organization in 1993 be based on annual rates of assessment of 0.01 per cent and 0.02 per cent respectively, and that the resulting assessment for 1993 of The former Yugoslav Republic of Macedonia be deducted from that of Yugoslavia for 1993;

[1] GB.259/PFA/GMA/1/2.

(b) the rates of assessment for the 1994 year of Eritrea and The former Yugoslav Republic of Macedonia be 0.01 per cent and 0.02 per cent respectively and that the rate of assessment of The former Yugoslav Republic of Macedonia be deducted from the rate of assessment of Yugoslavia for 1994 of 0.16 per cent.

The Czech Republic and Slovakia

5. *The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference:*

(a) that the contributions of the Czech Republic and Slovakia for their periods of membership in the Organization in 1993 be based on annual assessment rates of 0.42 per cent and 0.13 per cent respectively, and

(b) that the total credits that were due to the former Czechoslovakia in 1993 of 267,332 Swiss francs be allocated to the Czech Republic and Slovakia as credits against their assessments for the periods of their membership in 1993 proportionate to their respective rates of assessment for 1993 proposed in subparagraph (a).

6. The representative of the Director-General (the Treasurer and Financial Comptroller) advised the Government members that the figure of 1,230 Swiss francs should replace that of 1,492 Swiss francs mentioned paragraphs 10 and 11 of the Office paper.

7. *The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference:*

(a) that the definitive rates of assessment of the Czech Republic and Slovakia for the 1994 year be 0.42 per cent and 0.13 per cent respectively, and

(b) that the total credits due to the former Czechoslovakia of 2,109 Swiss francs in 1994 and 1,230 Swiss francs in 1995 be allocated to the Czech Republic and Slovakia as credits against their assessments for the 1994 and 1995 years proportionate to their respective rates of assessment for those years.

Oman

8. *The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the 81st (June 1994) Session of the International Labour Conference that the contribution of Oman for the period of its membership of the Organization in 1994 be based on an annual rate of assessment of 0.03 per cent.*

Scales of assessment of contributions to the budget for the 1994-95 financial period

(Second item on the agenda)

9. The Government members considered a paper [2] containing information and a proposed scale of assessment for member States' contributions for 1995.

10. *The Government members recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it propose to the Conference the adoption of the draft scale of assessments for 1995 as set out in column 4 of the Appendix to this report, subject to such adjustments as might*

[2] GB.259/PFA/GMA/2/3.

be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale.

Procedure for the possible continuation of the work of the Government members of the Programme, Financial and Administrative Committee in relation to allocations matters during the Conference

(Third item on the agenda)

11. The Government members considered a paper[3] describing the procedure to be followed if the Government members of the Committee were required to meet during the 81st (June 1994) Session of the Conference.

12. ***The Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at this (259th) Session and to submit their report direct to the Finance Committee of Government representatives of the Conference.***

Geneva, 25 March 1994. (signed) M. Vargas Campos,
Chairman and Reporter.

Points for decision: Paragraph 3;
Paragraph 4;
Paragraph 5;
Paragraph 7;
Paragraph 8;
Paragraph 10;
Paragraph 12.

[3] GB.259/PFA/GMA/3/1.

APPENDIX

Scales of assessment

	State (French alphabetical order)	Revised UN assessments 1993 & 1994	ILO assessments 1994	UN assessments 1994	ILO assessments 1995	Increase or decrease (difference between Cols. 2 & 4)
		Col. 1 %	Col. 2 %	Col. 3 %	Col. 4 %	Col. 5 %
1	Afghanistan	0.01	0.01	0.01	0.01	-
2	Albania	0.01	0.01	0.01	0.01	-
3	Algeria	0.16	0.16	0.16	0.16	-
4	Germany	8.93	8.90	8.93	8.86	(0.04)
5	Angola	0.01	0.01	0.01	0.01	-
6	Antigua and Barbuda	0.01	0.01	0.01	0.01	-
7	Saudi Arabia	0.96	0.95	0.96	0.95	-
8	Argentina	0.57	0.57	0.57	0.56	(0.01)
9	Armenia	0.13	0.13	0.13	0.13	-
10	Australia	1.51	1.50	1.51	1.50	-
11	Austria	0.75	0.75	0.75	0.74	(0.01)
12	Azerbaijan	0.22	0.22	0.22	0.22	-
13	Bahamas	0.02	0.02	0.02	0.02	-
14	Bahrain	0.03	0.03	0.03	0.03	-
15	Bangladesh	0.01	0.01	0.01	0.01	-
16	Barbados	0.01	0.01	0.01	0.01	-
17	Belarus	0.48	0.48	0.48	0.47	(0.01)
18	Belgium	1.06	1.05	1.06	1.05	-
19	Belize	0.01	0.01	0.01	0.01	-
20	Benin	0.01	0.01	0.01	0.01	-
21	Bolivia	0.01	0.01	0.01	0.01	-
22	Bosnia and Herzegovina	0.04	0.04	0.04	0.04	-
23	Botswana	0.01	0.01	0.01	0.01	-
24	Brazil	1.59	1.58	1.59	1.58	-
25	Bulgaria	0.13	0.13	0.13	0.13	-
26	Burkina Faso	0.01	0.01	0.01	0.01	-
27	Burundi	0.01	0.01	0.01	0.01	-
28	Cambodia	0.01	0.01	0.01	0.01	-
29	Cameroon	0.01	0.01	0.01	0.01	-
30	Canada	3.11	3.10	3.11	3.08	(0.02)
31	Cape Verde	0.01	0.01	0.01	0.01	-
32	Central African Republic	0.01	0.01	0.01	0.01	-
33	Chile	0.08	0.08	0.08	0.08	-
34	China	0.77	0.77	0.77	0.76	(0.01)
35	Cyprus	0.02	0.02	0.02	0.02	-
36	Colombia	0.13	0.13	0.13	0.13	-
37	Comoros	0.01	0.01	0.01	0.01	-
38	Congo	0.01	0.01	0.01	0.01	-
39	Korea, Republic of	0.69	0.69	0.69	0.68	(0.01)
40	Costa Rica	0.01	0.01	0.01	0.01	-
41	Côte d'Ivoire	0.02	0.02	0.02	0.02	-
42	Croatia	0.13	0.13	0.13	0.13	-
43	Cuba	0.09	0.09	0.09	0.09	-
44	Denmark	0.65	0.65	0.65	0.64	(0.01)
45	Djibouti	0.01	0.01	0.01	0.01	-

	State (French alphabetical order)	Revised UN assessments 1993 & 1994	ILO assessments 1994	UN assessments 1994	ILO assessments 1995	Increase or decrease (difference between Cols. 2 & 4)
		Col. 1 %	Col. 2 %	Col. 3 %	Col. 4 %	Col. 5 %
46	Dominican Republic	0.02	0.02	0.02	0.02	-
47	Dominica	0.01	0.01	0.01	0.01	-
48	Egypt	0.07	0.07	0.07	0.07	-
49	El Salvador	0.01	0.01	0.01	0.01	-
50	United Arab Emirates	0.21	0.21	0.21	0.21	-
51	Ecuador	0.03	0.03	0.03	0.03	-
52	Eritrea	-	-	0.01	0.01	0.01
53	Spain	1.98	1.97	1.98	1.96	(0.01)
54	Estonia	0.07	0.07	0.07	0.07	-
55	United States	25.00	25.00	25.00	25.00	-
56	Ethiopia	0.01	0.01	0.01	0.01	-
57	The former Yugoslav Republic of Macedonia	-	-	0.02	0.02	0.02
58	Fiji	0.01	0.01	0.01	0.01	-
59	Finland	0.57	0.57	0.57	0.56	(0.01)
60	France	6.00	5.98	6.00	5.95	(0.03)
61	Gabon	0.02	0.02	0.02	0.02	-
62	Georgia	-	-	0.21	0.21	0.21
63	Ghana	0.01	0.01	0.01	0.01	-
64	Greece	0.35	0.35	0.35	0.35	-
65	Grenada	0.01	0.01	0.01	0.01	-
66	Guatemala	0.02	0.02	0.02	0.02	-
67	Guinea	0.01	0.01	0.01	0.01	-
68	Guinea-Bissau	0.01	0.01	0.01	0.01	-
69	Equatorial Guinea	0.01	0.01	0.01	0.01	-
70	Guyana	0.01	0.01	0.01	0.01	-
71	Haiti	0.01	0.01	0.01	0.01	-
72	Honduras	0.01	0.01	0.01	0.01	-
73	Hungary	0.18	0.18	0.18	0.18	-
74	Solomon Islands	0.01	0.01	0.01	0.01	-
75	India	0.36	0.36	0.36	0.36	-
76	Indonesia	0.16	0.16	0.16	0.16	-
77	Iran, Islamic Republic of	0.77	0.77	0.77	0.76	(0.01)
78	Iraq	0.13	0.13	0.13	0.13	-
79	Ireland	0.18	0.18	0.18	0.18	-
80	Iceland	0.03	0.03	0.03	0.03	-
81	Israel	0.23	0.23	0.23	0.23	-
82	Italy	4.29	4.27	4.29	4.25	(0.02)
83	Jamaica	0.01	0.01	0.01	0.01	-
84	Japan	12.45	12.41	12.45	12.35	(0.06)
85	Jordan	0.01	0.01	0.01	0.01	-
86	Kazakhstan	0.35	0.35	0.35	0.35	-
87	Kenya	0.01	0.01	0.01	0.01	-
88	Kyrgyzstan	0.06	0.06	0.06	0.06	-
89	Kuwait	0.25	0.25	0.25	0.25	-
90	Lao People's Democratic Republic	0.01	0.01	0.01	0.01	-

	State (French alphabetical order)	Revised UN assessments 1993 & 1994	ILO assessments 1994	UN assessments 1994	ILO assessments 1995	Increase or decrease (difference between Cols. 2 & 4)
		Col. 1 %	Col. 2 %	Col. 3 %	Col. 4 %	Col. 5 %
91	Lesotho	0.01	0.01	0.01	0.01	-
92	Latvia	0.13	0.13	0.13	0.13	-
93	Lebanon	0.01	0.01	0.01	0.01	-
94	Liberia	0.01	0.01	0.01	0.01	-
95	Libyan Arab Jamahiriya	0.24	0.24	0.24	0.24	-
96	Lithuania	0.15	0.15	0.15	0.15	-
97	Luxembourg	0.06	0.06	0.06	0.06	-
98	Madagascar	0.01	0.01	0.01	0.01	-
99	Malaysia	0.12	0.12	0.12	0.12	-
100	Malawi	0.01	0.01	0.01	0.01	-
101	Mali	0.01	0.01	0.01	0.01	-
102	Malta	0.01	0.01	0.01	0.01	-
103	Morocco	0.03	0.03	0.03	0.03	-
104	Mauritius	0.01	0.01	0.01	0.01	-
105	Mauritania	0.01	0.01	0.01	0.01	-
106	Mexico	0.88	0.88	0.88	0.87	(0.01)
107	Moldova, Republic of	0.15	0.15	0.15	0.15	-
108	Mongolia	0.01	0.01	0.01	0.01	-
109	Mozambique	0.01	0.01	0.01	0.01	-
110	Myanmar	0.01	0.01	0.01	0.01	-
111	Namibia	0.01	0.01	0.01	0.01	-
112	Nepal	0.01	0.01	0.01	0.01	-
113	Nicaragua	0.01	0.01	0.01	0.01	-
114	Niger	0.01	0.01	0.01	0.01	-
115	Nigeria	0.20	0.20	0.20	0.20	-
116	Norway	0.55	0.55	0.55	0.54	(0.01)
117	New Zealand	0.24	0.24	0.24	0.24	-
118	Oman	-	-	0.03	0.03	0.03
119	Uganda	0.01	0.01	0.01	0.01	-
120	Uzbekistan	0.26	0.26	0.26	0.26	-
121	Pakistan	0.06	0.06	0.06	0.06	-
122	Panama	0.02	0.02	0.02	0.02	-
123	Papua New Guinea	0.01	0.01	0.01	0.01	-
124	Paraguay	0.02	0.02	0.02	0.02	-
125	Netherlands	1.50	1.49	1.50	1.49	-
126	Peru	0.06	0.06	0.06	0.06	-
127	Philippines	0.07	0.07	0.07	0.07	-
128	Poland	0.47	0.47	0.47	0.47	-
129	Portugal	0.20	0.20	0.20	0.20	-
130	Qatar	0.05	0.05	0.05	0.05	-
131	Romania	0.17	0.17	0.17	0.17	-
132	United Kingdom	5.02	5.00	5.02	4.98	(0.02)
133	Russian Federation	6.71	6.69	6.71	6.65	(0.04)
134	Rwanda	0.01	0.01	0.01	0.01	-
135	St. Lucia	0.01	0.01	0.01	0.01	-

	State (French alphabetical order)	Revised UN assessments 1993 & 1994	ILO assessments 1994	UN assessments 1994	ILO assessments 1995	Increase or decrease (difference between Cols. 2 & 4)
		Col. 1 %	Col. 2 %	Col. 3 %	Col. 4 %	Col. 5 %
136	San Marino	0.01	0.01	0.01	0.01	-
137	Sao Tome and Principe	0.01	0.01	0.01	0.01	-
138	Senegal	0.01	0.01	0.01	0.01	-
139	Seychelles	0.01	0.01	0.01	0.01	-
140	Sierra Leone	0.01	0.01	0.01	0.01	-
141	Singapore	0.12	0.12	0.12	0.12	-
142	Slovakia (See Note)	-	0.18	0.13	0.13	(0.05)
143	Slovenia	0.09	0.09	0.09	0.09	-
144	Somalia	0.01	0.01	0.01	0.01	-
145	Sudan	0.01	0.01	0.01	0.01	-
146	Sri Lanka	0.01	0.01	0.01	0.01	-
147	Sweden	1.11	1.10	1.11	1.10	-
148	Switzerland	1.16	1.15	1.16	1.15	-
149	Suriname	0.01	0.01	0.01	0.01	-
150	Swaziland	0.01	0.01	0.01	0.01	-
151	Syrian Arab Republic	0.04	0.04	0.04	0.04	-
152	Tajikistan	-	-	0.05	0.05	0.05
153	Tanzania, United Republic of	0.01	0.01	0.01	0.01	-
154	Chad	0.01	0.01	0.01	0.01	-
155	Czech Republic (See Note)	-	0.37	0.42	0.42	0.05
156	Thailand	0.11	0.11	0.11	0.11	-
157	Togo	0.01	0.01	0.01	0.01	-
158	Trinidad and Tobago	0.05	0.05	0.05	0.05	-
159	Tunisia	0.03	0.03	0.03	0.03	-
160	Turkmenistan	-	-	0.06	0.06	0.06
161	Turkey	0.27	0.27	0.27	0.27	-
162	Ukraine	1.87	1.86	1.87	1.85	(0.01)
163	Uruguay	0.04	0.04	0.04	0.04	-
164	Venezuela	0.49	0.49	0.49	0.48	(0.01)
165	Viet Nam	0.01	0.01	0.01	0.01	-
166	Yemen	0.01	0.01	0.01	0.01	-
167	Yugoslavia	0.16	0.16	0.14	0.14	(0.02)
168	Zaire	0.01	0.01	0.01	0.01	-
169	Zambia	0.01	0.01	0.01	0.01	-
170	Zimbabwe	0.01	0.01	0.01	0.01	-
	TOTAL	99.70	100.00	100.61	100.00	-

Note: The Czech Republic and Slovakia were not included in the revised UN scale of assessments for 1993 and 1994 but were taken into account for the calculation of the ILO scale of assessments for 1994 on the basis of the rate of assessment of the former Czechoslvakia in the original 1992-94 UN scale of assessments or 0.55 per cent, allocated between the Czech Republic and Slovakia in the proportions of two thirds and one third, respectively.

INTERNATIONAL LABOUR OFFICE
GB.259/PFA/2/9
259th Session
Governing Body
Geneva, March 1994
Programme, Financial and Administrative Committee
PFA

SECOND ITEM ON THE AGENDA

Programme and Budget for 1994-95

Treatment of 1992-93 cash surplus

1. At its 254th (November 1992) and 255th (February-March 1993) Sessions, the Governing Body approved expenditure reductions of $20 million and $10 million respectively, in anticipation of potential shortfalls in budgetary income in 1992-93. At the time there were doubts as to the timely collection of some US$44 million due from some member States which had fallen into significant arrears since 1991 due to severe economic difficulties.

2. As reported to the Committee at the 258th (November 1993) Session of the Governing Body, [1] a substantial part of the contributions which were in doubt were paid in the latter part of 1993; in addition, several other member States also took measures to pay a part or all of their arrears. The Director-General informed the Committee that the receipt of these contributions would result in a cash surplus for the 1992-93 biennium. He suggested that he make proposals to the Committee at the 259th (March 1994) Session of the Governing Body regarding the treatment of this surplus. There was general agreement in the Committee that proposals to this effect would be given careful consideration.

3. Information before the Committee (under the first item on its agenda) on the financial results for 1992-93, which are subject to audit, indicates that the cash surplus amounts to 24,230,334 Swiss francs, equivalent to $16,710,574 at the 1994-95 budget exchange rate of 1.45 Swiss francs to the dollar, for the financial period. [2] It may be recalled that article 18 of the Financial Regulations, which is reproduced below, provides for the cash surplus to be used to reduce the contributions of member States in the second year of the succeeding financial period.

If the difference between budgetary income and expenditure in any complete financial period expressed in United States dollars constitutes a credit balance, the Swiss franc equivalent of the corresponding cash surplus, calculated at the budget rate of exchange for that financial period, shall be used to reduce the contributions of Members in the following way: Members which pay their ordinary contributions in the financial period in which the cash surplus accrued shall have their share of the cash surplus deducted from their contributions assessed for the second year of the succeeding financial period; other Members shall not be credited with their share until they have paid the contributions due from them for the financial period in which the cash surplus accrued. When they have done so their share of such cash surplus shall be deducted from their contributions assessed for the first year of the next financial period for which a budget is adopted after such payment.

4. In the view of the Director-General, confirmed by consultations throughout the Office, the availability of funds under the cash surplus constitutes a major opportunity to make good some of the damage caused to ILO programmes, and to services to constituents, in the biennium 1992-93.

[1] GB.258/PFA/1/18.

[2] At the 1992-93 budget exchange rate of 1.55 Swiss francs to the dollar the cash surplus is equivalent to $15,632,474.

These funds will also make it possible for the ILO to react to the major political and economic changes now occurring in certain parts of the world where the ILO has to make a special effort to respond to requests for assistance received from employers' and workers' organizations, and from government ministries, and to ensure that its services in various technical fields are provided in a timely manner. Expenditure from the cash surplus will also enable the Office to take a major step forward towards greater efficiency in the use of its resources, and in the provision of services to constituents.

5. The proposals summarized in the Appendix, amounting to a total of $16,710,574, are presented under the following major categories: ILO support to constituents in countries and territories undergoing major political and economic changes; the ILO's participation in the World Summit for Social Development and other major technical activities; modernization of the ILO's field offices; increased ILO public information activities, in particular to mark the 75th anniversary; improvements in the efficiency of the Office and additional resource requirements for the policy-making organs.

ILO support to constituents in countries and territories undergoing major political and economic changes

South Africa

6. A paper submitted to the Committee on Legal Issues and International Labour Standards at the present session elaborates a plan of action on assistance to South Africa. Briefly summarized, the ILO's basic strategy over the coming years should be to improve the access of disadvantaged groups to employment and socio-economic opportunities and to facilitate the gradual integration of all the country's citizens into the formal economy by the removal of discrimination and the reform of institutions. The ILO is well placed to help in this regard, and consultations with the social partners and the present Government have already been engaged. However, detailed planning will have to wait for the new government to be installed after the elections in April 1994.

7. As regards the priority areas for ILO assistance, it will be necessary to review all existing labour legislation, taking account of the recommendations of the Fact-Finding and Conciliation Commission on Freedom of Association, in order to determine the extent to which it is in conformity with international labour standards, particularly in the field of discrimination. It will also be of crucial importance to assist the labour administration authorities to adapt to a multiracial economy. The possible reorganization of certain institutions, such as those concerned with labour statistics, collective bargaining, labour inspection and others will need to be considered.

8. Regular contacts with employers' organizations will be developed, in particular to assist in creating a multiracial employers' organization, and to strengthen both this organization and its member federations to enable them to play their proper role in the economic and social development of a democratic South Africa. Assistance to workers' organizations will also be strengthened with particular emphasis on workers' education. Assistance to trade union organizations for technical capacity-building to facilitate workers' participation in national decision-making, collective bargaining and shop-floor negotiations will be intensified.

9. Activities in the fields of employment creation, small enterprise development and employment-linked crash training are required to address high and rising levels of unemployment and underemployment, especially among black youths, 40-45 per cent of whom are estimated to be openly unemployed. Small enterprise development and measures to alleviate overall poverty are closely linked to the employment issue.

10. There is a need for a more comprehensive and systematic approach to human resources development, education and training, based on "affirmative action" and improved facilities and increased access for blacks and other disadvantaged groups, and linked directly to available employment opportunities in all sectors. Emphasis will be placed on fields of ILO competence such as vocational training and rehabilitation, and management and entrepreneurship development. Assistance will be given to promote equal opportunities for women in the overall development process.

11. The ILO does not have the resources in its regular budget for assistance to South Africa on the scale needed. However, in the biennium 1994-95 it is proposed to make available additional allocations amounting to $900,000 for the development of priority activities such as the examination of legislation and assistance to employers' and workers' organizations, from within the resources

available. Much of what the ILO can do later in the biennium and subsequently will have to be financed from external sources, including multilateral financial institutions and bilateral donors.

The occupied Arab territories

12. In response to a request from the leadership of the Palestine Liberation Organization (PLO), the ILO organized a multidisciplinary mission to the Gaza and the West Bank in December 1993. The mission's report set out a programme of action, of which the main thrust was to contribute to capacity-building for the labour and social sectors over the short and medium-term through policy design, institution-building, and the training of those who run those institutions.

13. The ILO proposed a strategy to develop the labour and social sectors with the following objectives: the creation of employment opportunities; the reduction of poverty; the strengthening of social protection. To achieve these objectives, the strategy has three main elements: to design a cohesive policy framework for the development of the labour and social sectors; to lay the foundations for institution-building avoiding the proliferation of bureaucratic structures; and to manage the process of transition in a prudent and cost-effective way, building upon what exists and trying to strike a balance between meeting immediate expectations and the requirements of investment in the future.

14. To translate these objectives into practical action, the ILO proposed a package of some 30 projects with a total cost of $90 million in six areas of policy design, institution-building and direct technical assistance. These components are: human resource development (creation of a Higher Council for HRD; vocational training; vocational rehabilitation; and rehabilitation of ex-detainees); employment creation (enterprise development, and employment-intensive infrastructure development); labour institutions and industrial relations (labour administration; strengthening workers' organizations; and strengthening employers' organizations); social protection (social security, health insurance, and social safety nets); employment and equality for women; and labour and social statistics.

15. The ILO programme of action has been endorsed by the PLO, which assigns high priority to institution-building. It requested the ILO to give priority to the following activities: a programme for the rehabilitation and reintegration of ex-detainees; an employment-intensive community infrastructure programme; the establishment of a Department of Labour and Social Affairs and the elaboration of a labour code; the setting up of a social security system; and support to the system of labour and social statistics. A meeting organized by the World Bank welcomed the ILO's contribution and requested its immediate assistance in implementing projects on the rehabilitation and reintegration of ex-detainees ($30 million) and on employment-intensive community infrastructure ($45 million) as a matter of urgency.

16. In order to ensure a significant ILO contribution, it is proposed to provide an additional $800,000 from the cash surplus. Part of these funds will be used to finance one international Professional post to support the Palestinian Economic Council for Development and Reconstruction (PECDAR).

Central and Eastern Europe

17. Since the beginning of the process of democratization and transition to market-based economies in Central and Eastern Europe, the ILO has emphasized that the social dimension has to be taken into account in the process of political and economic transformation. Despite a greater recognition of the importance of the social dimension of transition among the donor community, the situation in most countries of the region in terms of unemployment and falling living standards for large parts of the population is dramatic. An additional effort is therefore necessary on the part of the ILO to assist these countries, in particular those new member States which have joined the Organization over the last three years and where tripartite mechanisms are non-existent or relatively new.

18. As stated in the Programme and Budget for 1994-95, the ILO's objective in the countries of Central and Eastern Europe is to assist them in the development of a democratic society and in the transition to a market economy without undue social distress. In pursuing this objective, the following priorities have been identified in consultation with ILO constituents in these countries: labour law reform based on the relevant international labour standards; the strengthening of labour ministries, including adequate systems of employment services and labour inspection; the adoption and implementation of effective labour market policies and employment-promotion measures,

including adequate systems for training and retraining and small-enterprise promotion; the development and strengthening of industrial relations systems based on tripartite consultations and negotiations, collective bargaining and appropriate mechanisms for the settlement of industrial disputes; specific action to assist employers' and workers' organizations; the improvement of working conditions and occupational health and safety; the reform of social security systems; and the development of labour statistics.

19. Among regional or subregional activities, projects are envisaged in the fields of payment-systems reform, labour statistics, the position of ethnic minorities in labour markets and occupational safety and health. Regional or subregional seminars will be organized on these subjects resulting in specific recommendations for the countries concerned (sometimes in the form of a policy manual). Another activity in this category would be assistance to the Central Asian countries for developing tripartism in the implementation of employment policies. As regards country-specific activities, a series of seminars and advisory services on social dialogue and tripartism in the Russian Federation, a subject which has been identified by the Government and the social partners as deserving the highest priority, is envisaged. In addition, it is proposed that increased assistance will be provided to employers' and workers' organizations in the countries of the Commonwealth of Independent States (CIS), particulary in the Russian Federation.

20. It is envisaged that an amount of $700,000 will be provided from the cash surplus as additional credits for projects in Central and Eastern Europe, it being understood that these projects will focus on the priorities mentioned above while taking into account ongoing or new projects funded from extra-budgetary resources.

South-East Asia

21. In Asia it is envisaged to develop a programme of action to assist countries in South-East Asia (including in particular Cambodia, the Lao People's Democratic Republic and Viet Nam) now undergoing a major political and economic shift from central planning towards the liberalization of internal markets. This programme will relate to the problems now arising in the fields of employment, labour market, social protection, labour administration and industrial relations, and will be discussed at a subregional workshop, which will be followed by country projects to strengthen the capacity of constituents to deal with these problems. The total cost of the activities mentioned in this paragraph would be $250,000.

Central America

22. The ILO has an important contribution to make to the advance towards democracy in countries of Central America. In these countries ILO activities are needed to promote social dialogue, better labour relations, and the development of truly independent employers' and workers' organizations. These objectives have to be sought in a context where some countries are in transition from a state of war to peace, and in which globalization and trade links, as well as employment creation and the reduction of poverty, are increasingly important in all the countries of the subregion. It is therefore envisaged to organize a series of workshops in the subregion, followed by technical advisory services as appropriate, to provide a context for the dissemination of information about the ILO approach, and about the significance of independent organizations to the process of democratization. The total cost of the activities mentioned in this paragraph would be $150,000.

African countries

23. In Africa it would be useful to hold meetings on issues of particular concern to ILO constituents at the present time. The delegates representing all constituents at the recent Eighth African Regional Conference, emphasized their major concerns regarding the social implications in many member States of the devaluation of the CFA franc which was decided a few weeks ago. They requested ILO assistance in designing policies and measures which would minimize the social consequences of this devaluation. The ILO will analyse the situation in consultation with its constituents and, together with them, will organize a tripartite subregional meeting on the social implications of the devaluation of the CFA franc. Subsequently, the ILO will prepare a series of interventions comprising technical advisory services to assist constituents in confronting this urgent problem. The total cost of the activities mentioned in this paragraph would be $200,000.

Technical advisory services

24. The programme reductions for the last biennium included considerable reductions in technical services in the regions (some $4 million). In order to compensate for these reductions and enable the Office to respond to the backlog of requests for assistance, it is proposed to provide $1.9 million for additional technical advisory services to member States on issues other than those mentioned in the foregoing paragraphs.

ILO participation in the World Summit for Social Development and other major technical activities

25. It is now becoming clear that the ILO has an important contribution to make to the preparations for the World Summit for Social Development, and to the discussions at the Summit itself. It is likely that a series of papers will need to be prepared for preparatory meetings to be organized by the United Nations, at the international and national levels. It would also be appropriate for the ILO to prepare substantive documentation concerning unemployment, poverty and the other social problems to be addressed by the Summit, for publication in an appropriate form. The costs involved include research, the preparation of papers and their presentation in an easily readable form, as well as incidental processing costs (translation, printing). The total cost of these additional activities, which will also serve the goal of projecting a more precise image of the ILO and its work in the international community and of its role in relation to the problems of unemployment and poverty, would amount to $842,000.

26. It is proposed to strengthen temporarily the office of the Special Adviser on Women's Questions by one Professional post and secretarial support, at a cost of $366,000. This will enable the Office to make a more substantive contribution than would otherwise be possible to the preparations for the United Nations Fourth World Conference on Women to be held in Beijing in summer 1995. It will also ensure that appropriate follow-up action is taken on the wide range of activities undertaken in the context of the interdepartmental project in the biennium 1992-93.

27. The Encyclopaedia of Occupational Health and Safety is one of the most well-known and authoritative works of reference published by the ILO. This project to update the Encyclopaedia is a major one and it is now clear that the existing provision of regular budget resources in the programme and budget is too limited. The cash surplus affords an important opportunity to ensure that the ILO can take full responsibility for publication, possibly in the form of CD-ROMs as well as a printed volume. It is proposed to set aside an additional amount of $500,000, to cover temporary staff costs in the biennium 1994-95, so as to ensure its publication by the ILO, to improve considerably the scope and quality of the new Encyclopaedia beyond that which would otherwise be possible, and to bring forward its completion date. Also in the safety and health field, activities additional to those envisaged in the Programme and Budget for 1994-95 are envisaged in relation to cooperation with the International Atomic Energy Agency and the UNDP on the subject of safety in nuclear plants in Central and Eastern Europe. These activities will be financed from the additional allocation to the European region mentioned in paragraph 20 above.

28. It is proposed to set aside $352,000 for a study on international labour standards, and the reasons for the low rates of ratification of certain standards in recent years. The study, which would be carried out by the department concerned, with the assistance of outside consultants, would also identify the needs for new standards, for the revision of standards, and for the consolidation of several standards in certain technical fields. Its conclusions would be useful in the preparation of analyses to be included in papers submitted to the Governing Body and the Conference in future years.

29. It is also envisaged to make a provision of some $452,000 for the further development of the ILOLEX system, the integrated information system on international labour standards, the supervisory machinery and national legislation. The proposed additional provision would enable substantially more information to be included in the ILOLEX system, and this would enhance its usefulness to constituents. In addition, it is proposed to install a link between the ILO Library and the INTERNET international computer network at a cost of $95,000; this will ensure that information from electronic information services external to the ILO could in future be made available to ILO constituents, as well as to headquarters documentation centres.

Modernization of the ILO's field offices

30. Budgetary constraints over several programme and budget cycles, including the programme reductions in 1992-93, have not permitted the timely renovation of ILO premises in the developing regions, nor the modernization of the stock of office equipment and furniture in the external offices, which has become essential in view of the increased responsibilities of external offices and the establishment of the multidisciplinary teams. The Director-General is of the view that the ILO should seize the opportunity presented by the cash surplus to improve the physical working conditions in external offices, by providing additional office space, especially where new multidisciplinary teams are being established, and by renovation and the replacement of obsolete equipment. As regards equipment, the outstanding requirement for computers and office furniture for the external offices amounts to $940,574 (Africa, $280,000; Americas, $160,000; Asia, $240,574; Arab States, $260,000). With regard to the renovation of various ILO external offices in Asia, Africa and Latin America, the expenditure that will be incurred amounts to $604,000. However, this last figure excludes the urgent needs for the acquisition of an office in Buenos Aires, the expansion of the Regional Office in Abidjan, and reopening of the Beirut office, as detailed below.

31. As regards the Buenos Aires office, the Director-General believes that the purchase of an office is the best long-term solution to this problem. Rents in Buenos Aires, as well as charges for utilities and maintenance, have escalated in recent years. Various possible solutions have been examined with the full cooperation of the Government of Argentina, which has done its best to assist the ILO in solving the problem. The Buenos Aires office's lease agreement expired in February 1994 and the rental increase now demanded is considered to be exorbitant. The lease has therefore not been renewed, and the staff is currently accommodated in temporary premises provided by the Government pending a viable long-term solution. A survey of property prices has shown that suitable premises could be acquired for approximately $600,000. As the annual rental cost of such premises would alone amount to some $160,000, the cost of acquiring premises would be amortized in less than four years. Purchasing property would also solve the problem of constantly increasing rental expenditure and it is therefore proposed to provide an amount of $340,000 for this purpose which, together with the saving of $260,000 on the budgetary provisions for rent and charges in 1994-95, would provide the necessary amount of $600,000.

32. In the case of Abidjan, the proposal for the extension of the ILO premises is aimed at meeting the demand for additional space as a consequence of the installation of the Central and West Africa Multidisciplinary Team in the Regional Office and the decentralization of financial administration from Geneva to Abidjan. The Regional Office is the property of the ILO and was originally designed to accommodate 40-45 officials. The Regional Office currently accommodates some 80 officials. Offices originally planned for one official are being shared by two or in some cases three officials. This need for additional office space is accompanied by a need for additional storage and filing space for documents. The possibility of renting additional space close to the Regional Office (at an annual expenditure of about $75,000) has been carefully examined and compared with the possibility of altering the building by adding a fifth floor (estimated at $350,000). The rental option would require additional expenditure (support staff, receptionist, security communications) and would have an adverse effect on economies of scale. In view of the financial and operational advantages offered by making alterations to the Regional Office building itself, the Director-General recommends that an amount of $350,000 be set aside from the cash surplus and be used for the expansion of the existing ILO premises in Abidjan.

33. For some time the possibility of the Regional Office for the Arab States returning to the region has been under consideration. The Government of Lebanon has now indicated informally its readiness to sublet a suitable building for an ILO office in Beirut (with the rent being paid by the Government itself). However, the building in question will require considerable renovation, repainting and refurbishing, including the installation of suitable security devices, before the Regional Office can be installed there. The total cost of this renovation and refurbishing, and the costs of removal from Geneva to Beirut, in the course of the coming months would amount to $166,000.

34. As a further measure to consolidate the Active Partnership Policy, it is proposed to set aside $2,385,000 to cover the costs of the transfer of budgeting and accounting functions to ILO external offices, and the computerization of sales of ILO publications in these offices. This major project covers the design and development of integrated local accounting, budgetary and payroll

systems for ILO offices, the training of staff, preparation of manuals, and the installation of both hardware and software in order to permit ILO offices to provide administrative support to multidisciplinary teams and to technical cooperation projects. Staff resources in the Financial and Central Administrative Services Department have already been reduced in the Programme and Budget 1994-95 in anticipation of the transfer of budgetary and accounting functions, but resource constraints did not permit budgetary provision for the necessary investment in the development and installation of new computer-based systems. It is also planned to hold a series of training workshops in the regions and other activities (at a cost of $130,000), in order to ensure that ILO staff in regional and area offices and the multidisciplinary teams become better acquainted with all aspects of the Active Partnership Policy, including the relationship between the technical work to be carried out by ILO staff and the needs at the country level, as well as its administration.

ILO public information activities

35. Members of the Committee and of the Governing Body have frequently observed in recent years that much remains to be done to sharpen the ILO's image in coverage by the mass media, so as to improve the public's perception of ILO policy positions and ILO activities. It is therefore envisaged to set aside $620,000 from the cash surplus for a range of activities including the production of documentary films, for example on the situation of women and migrants, and the preparation of photographic materials relating to problems in the world of work. Many of these new activities would support the celebration of the 75th anniversary of the ILO and of the 50th anniversary of the Declaration of Philadelphia. Provision will also be made for the representation of the ILO by staff members at various ceremonies, seminars and meetings at the national level designed to mark the 75th anniversary. The total cost of the additional public information activities mentioned in this paragraph would be $720,000.

Improvements in the efficiency of the Office

36. Almost all the provision for staff training in the programme and budget is reserved for language training and for courses related to office automation. However, the Director-General is of the view that a considerable efficiency gain could be realized by management training. It is therefore proposed that an amount of $955,000 be set aside, mainly for high-level management training for senior ILO staff, but also for technical training, including short-term secondments of ILO staff to work outside the Office, in private enterprises, in trade union organizations, or in national or international administrations, in order to become acquainted with approaches and techniques which may be useful to them in their service with the Office.

37. At the ILO headquarters building, a problem of increasing significance is the deterioration over time of the rubber joints between the aluminium panels of the façade of the building. This deterioration has reduced the insulation of the building, thus leading to heat losses as well as the infiltration of water. The cost of replacing these joints, which will result in savings in heating costs, is estimated at $760,000. It has also become necessary to renovate the fire-alarm system in the headquarters building as recommended by the Geneva fire protection service, at a cost of $164,000. It will be recalled that this work had been envisaged in 1992-93, but had to be postponed as a result of the programme reductions that had to be made in that biennium. It is also proposed to replace two obsolete printing presses, thereby generating a substantial economy in maintenance expenses, at a cost of $116,000.

38. Many sub-systems in the ILO's central financial and accounting system are badly in need of refinement and modernization. Proposed improvements include reduction of data-entry work by linking a number of stand-alone sub-systems with the mainframe accounting systems; more rapid and efficient processing of financial clearances and obligations; and more cost-effective method of paying short-term Conference staff. Such improvements will enhance efficiency, accuracy and quality and lead to savings in staff costs in 1995 and in subsequent biennia. The cost of this project is estimated at $725,000.

ILO policy-making organs

39. Increased efficiency is also most important in the work of the ILO's policy-making organs. In order to develop further the electronic voting system at the Conference, and to respond to some of the suggestions for improvements made by delegates at the last session, it is envisaged to set aside $273,000 for further hardware, and the development of software, for new systems. It is hoped that some improvements will already be made by the next session of the Conference in June 1994.

40. At its 258th (November 1993) Session the Governing Body agreed to proposals to modify the timing of the annual meeting of the Committee of Experts on the Application of Conventions and Recommendations, implying the need for two meetings of the Committee in 1995. The total additional cost of the third meeting of this Committee in the biennium, including the cost of preparing the documentation for the meeting in the International Labour Standards and Human Rights Department, and the cost of translation, printing and interpretation would amount to $575,000.

41. For purposes of presentation, the above proposals are expressed in US dollars calculated at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the dollar. However, the 1992-93 cash surplus is Swiss franc-based. Its actual US dollar value and the actual US dollar cost of these proposals will be governed by the United Nations monthly accounting rates of exchange prevailing during the period of implementation. Although the estimates of the dollar cost of the various proposals should therefore be considered as provisional, the total Swiss franc cost would not exceed the 1992-93 cash surplus of 24,230,334 Swiss francs.

42. The Committee may therefore wish to recommend that the Governing Body propose to the 81st (June 1994) Session of the International Labour Conference that, as an exceptional one-time measure and in derogation of article 18 of the Financial Regulations, the 1992-93 cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar) be used in full to finance the items amounting to 24,230,334 Swiss francs, listed in the Appendix, and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Noting that for the 1992-93 biennium an excess of regular budget income over regular budget expenditure has resulted in a cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar),

Decides, as an exceptional one-time measure and in derogation of article 18 of the Financial Regulations, to use this cash surplus in full to finance the items listed in the Appendix amounting to 24,230,334 Swiss francs.

Geneva, 28 February 1994.

Point for decision: Paragraph 42.

Appendix

Proposed use of the 1992-93 cash surplus

Summary (in dollars)

ILO support to constituents in countries and territories undergoing major political and economic changes		
South Africa	900 000	
Occupied Arab territories	800 000	
Central and Eastern Europe	700 000	
Asia	250 000	
The Americas	150 000	
Africa	200 000	
Technical advisory services	1 900 000	
		4 900 000
ILO participation in the World Summit for Social Development and other major technical activities		
ILO work for the World Summit for Social Development	842 000	
Support to the Special Adviser on Women's Questions	366 000	
Encyclopaedia of Occupational Health and Safety	500 000	
Study on international labour standards	352 000	
Development of ILOLEX	452 000	
ILO access to INTERNET	95 000	
		2 607 000
Modernization of the ILO's field offices		
Re-equipping/redecorating/renovating ILO external offices	2 400 574	
Transfer of financial administration to field offices; and computerization of sales records in ILO external offices	2 385 000	
Strengthening implementation of the Active Partnership Policy	130 000	
		4 915 574
ILO public information activities		
Additional public information activities	620 000	
75th anniversary missions	100 000	
		720 000
Improvements in the efficiency of the Office		
Management and technical training for staff	955 000	
ILO building, repair of joints	760 000	
ILO building, renovation of the fire-alarm system	164 000	
Replacement of old printing presses	116 000	
Modernization of the ILO's financial systems	725 000	
		2 720 000

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ILO policy-making organs		
Conference: electronic voting	273 000	
Third session of the Committee of Experts on the Application of Conventions and Recommendations	575 000	
		848 000
Total provisional cost in US dollars calculated at 1994-95 budget exchange rate of 1.45 Swiss francs to the US dollar	**$16 710 574**	
Total cost in Swiss francs	**Sw.frs24 230 334**	

INTERNATIONAL LABOUR OFFICE
Governing Body

GB.259/8/34
259th Session
Geneva, March 1994

(Extract)

First Report of the Programme, Financial and Administrative Committee

1. The Programme, Financial and Administrative Committee of the Governing Body met on 22 and 25 March 1994 under the chairmanship of Mr. J. Nkomo, Chairman of the Governing Body. Mr. R. Vanni (Workers' spokesman) was the Reporter.

(...)

Treatment of 1992-93 cash surplus

8. The Committee had before it a paper[1] containing information and recommendations concerning the cash surplus which had arisen in the 1992-93 biennium.

9. The Committee's discussion was opened by the Director-General, who introduced his recommendations for the treatment of the 1992-93 cash surplus. His statement is reproduced in Appendix II.

10. Miss Mackie said that the Employers had considered this matter under two heads: first, whether there should be a waiver of article 18 of the Financial Regulations which provided for a cash surplus to be distributed to member States, and secondly, if a waiver was agreed, how the funds should be spent. The decisions taken during the 1992-93 biennium to cut expenditure were good management practice in view of the conditions existing at the time, rather than going ahead and spending money when there was some doubt whether it would be received. In principle there were a number of points in favour of the waiver proposed in the Office paper. If the Office could waive the Financial Regulations when the receipt of funds was in doubt, then surely they should be waived when a surplus existed so that previous cuts could be restored. It would be regrettable if the Organization could agree easily to waivers to avoid member States being charged for a deficit, yet find it difficult to do so when a surplus was available. It also appeared somewhat strange that, in view of the size of the surplus, member States could, by refusing a waiver, be repaid more than their entitlements under the incentive scheme for early payment of contributions. The Director-General had referred to the zero real growth regime of the past few biennia and had pointed out that, even if the whole of the surplus was retained, the total expenditure for the 1992-93 biennium would fall short of the amount originally approved. This again was an argument in favour of the waiver proposed in the Office paper.

11. The Employers would have found it much easier to assess the merits of the proposals for the cash surplus if the Office had related them to already agreed priorities. It would also have been welcome if those proposals, which reflected the far-reaching political and economic changes that had occurred worldwide since the 1994-95 budget was first discussed, had been identified. Furthermore, the Employers would find it much easier to consider the various activities described in the Appendix to the Office paper if priorities had also been assigned to them. The Director-General had indicated that these proposals were aimed at restoring programmes previously cut. This might be true for some activities but for others, where there was no direct link, it could only

[1] GB.259/PFA/2/9.

mean funding something comparable and this would be difficult to agree without detailed debate. At this point the Employers were prepared to support the proposal for waiving the Financial Regulations but would need more information, on which more detailed discussions could be based, before taking a final decision on what expenditure would be financed from the surplus.

12. Mr. Vanni, for the Worker members, said there were two fundamental questions to consider: firstly, whether all or part of the cash surplus should be made available to finance programme expenditure or alternatively returned to member States under article 18 of the Financial Regulations and, secondly, what activities should be financed by funds retained by the ILO. The Workers' position on the first question was quite clear. They fully supported the Director-General's proposal that the total of the cash surplus should be used to finance top priority programmes. This view was based not only on a wish to see the ILO promoting workers' activities to the maximum, but also on the way in which the Financial Regulations had been applied in recent years. The practices that had given rise to the 1992-93 cash surplus were not in line with the original intent of the Financial Regulations. As they stood, the Regulations provided that, once adopted by the Conference, the programme and budget should be implemented without regard to the payment of contributions by member States. A deficit at the end of the biennium would be temporarily financed by the Working Capital Fund, whereas a surplus would be returned to member States. This procedure was not followed for the 1992-93 biennium. The Governing Body, anticipating a shortfall in contributions, had reduced expenditure for the biennium, a responsible and prudent act which had resulted in a cash surplus at the end of 1992-93. To reimburse all or part of this surplus to member States might discourage the Governing Body from acting in the same way in future. Logic and fairness demanded that the Governing Body accept the derogation to article 18 of the Financial Regulations, as proposed by the Director-General. The Committee then had to decide how these funds should be spent. The Appendix to the Office paper proposed that a substantial proportion be spent on Office infrastructure rather than on activities to further the objectives of the ILO. In principle the Workers were not opposed, provided that it could be shown convincingly that this expenditure was necessary and would improve the ILO's capacity to carry out its programmes. In particular, they would have liked to see a much more detailed justification for the proposals to spend almost $2.4 million on decentralization and $0.7 million on the modernization of financial systems, but were pleased to give their wholehearted support to the proposals for activities in countries undergoing major political and economic change, in particular South Africa and Central and Eastern Europe, although more detailed explanations would again be welcome. The Workers welcomed the emphasis on support to independent employers' and workers' organizations in Central America but urged the Office to do the same in countries in South-East Asia, such as Cambodia and Viet Nam, where the need was great. They were particularly satisfied with the proposal to convene a subregional tripartite meeting to consider the consequences of devaluation of the CFA franc, and they also gave their full support to the revision of the *Encyclopaedia of occupational health and safety* and to activities relating to the World Summit for Social Development. The Workers could support the proposals described in the Office paper as a package, but if they were to be opened up to detailed discussion they would make further recommendations themselves.

13. The representative of the Government of Canada observed that the Office paper suggested that, as the 1992-93 budgetary cuts in anticipation of income shortfalls were strongly endorsed by the Governing Body and the subsequent cash surplus was a direct but unforeseeable result, the ILO should not be penalized by having to reimburse the full amount to member States. When the possible treatment of a cash surplus was first discussed at the previous session of the Governing Body, the Office was asked to avoid making proposals that would involve continuing expenditure or commitments, or an increase in the base level of the budget, and it was gratifying to see that this was reflected in the proposals before the Committee. It was understandable that those concerned with major priorities of the Organization might be disappointed, but this was not a regular budgeting exercise. In the discussion at the previous session of the Governing Body, several members had requested that a token portion of the surplus should be returned to member States. This portion should correspond roughly to arrears paid by member States excluding the Russian Federation. It was disappointing that the paper suggested that, if the Committee waived the Financial Regulations, the whole of the surplus should be retained by the Office for programme expenditure, because the cash surplus was a net figure resulting not only from payments by the Russian Federation, but also from non-payment of current contributions by some member States and the payment of arrears by others. It would perhaps be more in keeping with the views expressed at the previous session of the Governing Body if a partial distribution of the

surplus could be made, perhaps based on a normal application of the regulations, excepting the special case of the Russian Federation.

14. The representative of the Government of Germany agreed with previous speakers that article 18 of the Financial Regulations should be applied flexibly. As document GB.259/PFA/3/12 made clear, a flexible approach to the application of article 18 had been adopted twice during the last 12 years: in 1984-85 it had been completely waived, and in 1990-91 it had been partially waived. An inflexible approach would penalize the ILO which, in contrast to other international organizations, had exercised financial responsibility. It would also reward the largest contributors for paying late, and would encourage member States to delay their payments until budget cuts had been made in the hope of receiving a reimbursement under article 18. Both of these consequences were undesirable.

15. The Office's proposals for spending the cash surplus gave rise to some suspicion that not all of the proposed expenditure was essential or concerned the restoration of previously cut programmes. The surplus amounted to $16,710,574. The additional expenditure also amounted to $16,710,574. It appeared that the underlying idea had been to spend the surplus to the very last dollar.

16. As the representative of the Government of Canada had pointed out, there was an element missing from the analysis of the cash surplus; namely, to what extent the surplus was due to the very late payment of the Russian Federation's contribution. According to document GB.259/PFA/1/13, the Russian Federation had paid approximately 37 million Swiss francs. How much of this money had been paid so late in 1993 that it could not sensibly be used for that year's programme? This figure, which should not be hard to ascertain, could be used as a yardstick to determine whether or not the whole amount of the cash surplus should be spent. His Government would be in favour of investing the larger part of this amount into the activities of the Organization.

17. The representative of the Government of the Islamic Republic of Iran expressed appreciation for the Director-General's responsible and prompt response to the possible shortfall in income. His proposals to cut expenditure by $30 million had enabled the Office to avoid a financial crisis. Now that that income had been restored it should be spent on activities that had been foreseen in the previous budget. Despite some reservations in regard to some of the items proposed in the document under discussion, the total amount of the surplus should be spent, and should not be credited to member States. However, if there was a consensus to credit some of the surplus to member States, it should only be a token amount.

18. In regard to the proposals made in the Office paper, more emphasis should have been placed on promoting national labour standards and freedom of association in South Africa, and more multilateral resources should be sought for countries and territories undergoing major political and economic change. The activities in the occupied Arab territories, especially those concerned with the rehabilitation of ex-detainees, were welcomed, and it was hoped that assistance would be given directly to Palestinian workers' and employers' organizations. More resources should have been allocated to the countries of Caucasia and Central Asia to permit them to benefit from ILO activities. The countries of the Asian region should have received a more equitable allocation of the cash surplus for technical activities. Their needs were huge and, as in other regions mentioned in the paper, they also suffered from the effects of globalization. Allocation of resources for technical advisory activities needed to be increased: for example, a mission of four ILO officials to the Islamic Republic of Iran in 1994 had been blocked due to a shortfall in resources, and therefore a higher allocation was required. The proposals for the modernization of ILO field offices would be better described as the revitalization and modernization of ILO field offices and this should be reflected in the document.

19. The representative of the Government of Qatar was in favour of waiving article 18 of the Financial Regulations. He expressed support for all the proposals, and particularly welcomed the allocations proposed for activities in the occupied Arab territories and in South Africa. The major part of the additional expenditure for the occupied Arab territories as set out in paragraph 16 should be allocated to reconstruction and development and reserved to assist the Palestinian Economic Council for Development and Reconstruction in its work.

20. The Office paper mentioned that the Government of Lebanon had informally indicated its readiness to sublet a building to the ILO for the re-establishment of an office in Beirut; therefore, the Middle East office should be transferred to Beirut as rapidly as possible.

21. The representative of the Government of the United Kingdom agreed with the Employers' group that two questions needed to be addressed. In agreement with previous speakers his Government had considerable sympathy for the predicament in which the Office found itself. Were it not for its good management and prudent foresight, there would be no need for a discussion on how to dispose of the surplus. Prudence and good housekeeping should be recognized and rewarded. Although the Office had taken a thoughtful approach to the disposal of the surplus, it was disappointing that the view expressed at the November session of the Governing Body, that a proportion of the money should be returned as a symbolic gesture, had not been taken into account. The Office should consider very carefully the proposal by the representative of the Government of Canada that a distinction be made between the contribution paid by the Russian Federation and contributions representing arrears. He supported the Workers' statement attaching particular priority to those activities which promoted the role of the ILO, and in particular welcomed expenditure on support to ILO constituents in those countries or territories which were undergoing political and economic change. Other proposals which were particularly worthy of support were those concerning the ILO's participation in the World Summit for Social Development, the development of ILOLEX and public information activities and, especially, the management and technical training of ILO staff.

22. The representative of the Government of Mexico, speaking on behalf of the Latin American governments, thanked the Director-General for the responsible manner in which he had managed the budget. Some international organizations had been insensitive to problems, such as inflation, faced by governments, forcing them to limit and assign priorities to their expenditure. International organizations were often penalized because there was no other choice, and although zero growth budgets may have been harmful, this had not been the intention of governments; it was a situation imposed by circumstances. Despite these difficulties the Director-General had behaved responsibly; without such careful management, there would not be a surplus. As the Employers' group had pointed out, the Committee had first to discuss whether or not to waive article 18 before any decision could be made on how the money would be spent. The Latin American group favoured a flexible approach, and although it respected the priorities established by the Office, it was disagreeable to have to keep challenging the amounts assigned to the Latin American region.

23. However, although Latin American countries were also in the process of consolidating democratic institutions, they were moving towards market-oriented economies and should therefore be placed on the same footing as other countries facing these problems. Only $150,000 had been allocated to this region, less than the amount allocated for the fire alarm system of the ILO. The proposals needed to be more balanced. As the Director-General had stressed the importance of technical cooperation in relation to international labour standards, more provision should have been made for technical cooperation activities. On the other hand, the Organization needed to continue being cautious in its expenditure. The preliminary discussions on the Programme and Budget for 1996-97 would soon begin, and a decision should then be taken as to whether the principle of zero growth should be abandoned or not. Given the present world situation, the rate of unemployment and the problem of inflation, the Latin American group questioned whether member States would be willing to do so.

24. The representative of the Government of the United States commended the Office on its efficiency and prudence which had produced this large surplus. He shared previous speakers' concern that the Office paper advocated spending the entire cash surplus and not reimbursing any amount to governments, because he considered it preferable that the Office retain only that portion of the surplus which corresponded to programmes not implemented during the 1992-93 biennium because of projected shortfalls. As a general budgetary principle, savings achieved during a financial period should not be used to finance activities that were not approved in the original budget. Programmes which were now identified as a priority should already have been identified as a priority in the Programme and Budget for 1994-95; therefore, in accordance with article 18 of the Financial Regulations, the portion of the cash surplus which exceeded the original 1992-93 programme should be returned to member States. The United States Government was concerned that using the surplus to finance new programmes would establish ongoing financial commitments which would have to be continued in future budgets.

25. Discussions with staff members in the Treasurer's Office and the Bureau of Programming and Management had identified the items listed in the Appendix of the Office paper which corresponded to items cut from the 1992-93 budget. These items were the following: in the section

headed ILO support to constituents in countries and territories undergoing major political and economic changes, $1,900,000 for technical advisory services; in the section headed ILO participation in the World Summit for Social Development and other major technical activities, $60,000 for the development of ILOLEX; and, finally, in the section headed improvements in the efficiency of the Office, there were several items which totalled $1,649,000. The total for these items was $3,609,000. The United States Government was in favour of the Office retaining and spending that amount and preferred it to be spent on technical advisory services and support to constituencies rather than on improvements to the efficiency of the Office. The remainder of the surplus, that is approximately $13.1 million, should be returned to member States under the provisions of article 18.

26. The representative of the Government of the Russian Federation believed that the cash surplus presented the Organization with an opportunity to provide additional assistance to member States, but wished to reaffirm its commitment to the return of any surplus to member States as provided for in the Financial Regulations; any decision taken in variance to the Regulations should be considered exceptional and should be carefully justified, and at least part of these resources should be returned to member States.

27. In regard to the proposals put forward in the Office paper, expenditure could have been better distributed amongst programmes which helped member States, and considerably more resources could have been targeted to activities in member States. Programmes and projects should be carefully harmonized and coordinated with ILO constituents, but it was not clear from the proposals that this had been done. In addition, his Government had considerable doubts about the allocations concerning the ILO's participation in the World Summit for Social Development, the large sum of money ($352,000) which was allocated for a study on international labour standards, and the proposed expenditure on buildings. On the other hand, it would be advisable to allocate more money to publishing activities in the national languages of member States.

28. The representative of the Government of the Sudan approved the suspension of article 18 of the Financial Regulations, but insisted that the principle of equity should be foremost in the allocation of the cash surplus. He strongly supported the $200,000 allocated for the African region, which recognized the continuing need for ILO services in Africa and corresponded to concerns expressed during the Eighth African Regional Conference. The need for a tripartite meeting for countries using the CFA franc was important as the effects of devaluation had already been extremely serious. The second point concerned the technical advisory services as set out in paragraph 24. Reductions in technical services for the 1992-93 biennium had amounted to $4 million. It was only right that the $1.9 million proposed should be restored to these activities but it would be even better if the whole $4 million could be made available.

29. The representative of the Government of Egypt expressed appreciation for the paper before the Committee and urged that, if the proposal to waive the Financial Regulations was accepted, the Office should give higher priority to support for countries undergoing major political and economic changes.

30. The representative of the Government of Tunisia commended the Director-General and the Office on their efforts to ensure good management of resources, which had produced the present surplus. He shared the Director-General's view that the available resources should be devoted to making up for the damage done to the programmes of the Organization during the 1992-93 biennium and to helping the ILO react to major economic and political changes that were now under way in some regions of the world. However, he had some reservations concerning certain paragraphs of the document under discussion. On behalf of the African group, he supported the proposal in paragraph 11 for an allocation of $900,000 in supplementary credits for the furthering of priority activities in South Africa. Obviously, that country had very significant needs and the African group favoured the strengthening of the ILO's role in South Africa. This included improving access to employment for disadvantaged groups, facilitating integration of all groups into the formal sector, and elimination of all forms of discrimination. The document proposed in paragraph 23 an allocation of $200,000 to finance activities aimed at alleviating the social impact of the devaluation of the CFA. The African group was convinced that this assistance was urgent and valuable but, in view of the amount allocated, its scope was limited. The needs of the African countries in the area of the ILO's competence were considerable, not only in the countries affected by the devaluation of the CFA, but also in other countries, which were likewise affected by the problems of poverty, unemployment, and the social impact of structural adjustment.

31. Substantial progress had already been achieved in setting up a programme in favour of the Palestinian people in collaboration with the Palestine Liberation Organization, and the Office paper proposed an additional allocation of $800,000 from the surplus in order to enable the ILO to make more progress in this area. In view of the enormous needs of the Palestinian people for the ILO's services, still more resources should have been allocated, or, at least, the position of one international official should have been financed out of the regular budget. Some of these modifications should be taken into account. His Government wished to take into consideration the proposed changes, although he was prepared to accept the document as it stood if it were to be adopted as a whole.

32. The representative of the Government of the Philippines was inclined to support the proposals of the Director-General, but wondered whether or not there was really a surplus as defined under article 18. Technically, it appeared that there was. Looking at the spirit of article 18 there appeared to be none, because it was only a result of the extraordinary steps that had been taken to reduce the budget in anticipation of the shortfall in income. Therefore, the entire amount should remain with the ILO. As the cut-backs had amounted to $30 million, the $16 million could hardly be regarded as a surplus. However, if necessary, he was prepared to discuss the individual items and how much to allocate to each of them.

33. The representative of the Government of China welcomed the cash surplus and appreciated the efforts that had been made by member States to pay their contributions. Many of the proposals could be agreed upon without entering into a case-by-case analysis. However, the allocation of expenditure by regions gave too much weight to the political changes which had taken place in some countries, and was therefore unbalanced. Economic, social and geopolitical elements also needed to be taken into account if the cash surplus was to be distributed fairly and rationally. The problems of employment and poverty were most urgent in the world of labour today. A large part of the population in Africa was suffering from unemployment, underemployment and poverty, and in Latin America, the increase in poverty and unemployment was alarming. Many countries were carrying out structural readjustment programmes and were facing extremely serious problems. Asia, for example, was an enormous region, heavily populated, and there was widespread poverty, particularly in rural areas. Many countries urgently needed ILO assistance in order to face serious challenges in the social and labour spheres, and it was difficult to accept that only $250,000 should be allocated to this region. The distribution among regions needed to be more rational.

34. It was important to provide ILO staff with high-level training so as to improve their skills and qualifications. Although the Organization had acquired a wealth of experience, there was an imbalance in the composition of the staff because developing countries and countries in transition were inadequately represented. The ILO's top management was trying to correct this situation, but had not yet found the right solutions. It would help if a fund was created from part of the cash surplus in order to recruit staff from developing countries and countries in transition and to provide them with the necessary training and improve their skills and qualifications. Only in this way could the composition of the staff of the ILO be improved without any discontinuity. This initiative would meet the needs of member States and would respond to the changes taking place in the world, and new officials recruited from developing countries and countries in transition would be able to make a considerable contribution to the ILO. They would have the latest experience and information from their own countries which would serve as a useful input to the Organization and improve its effectiveness. The largest part of the surplus should be targeted on programmes which were most needed, but if there was a consensus that some of the money should be paid back to member countries, then a discussion would be required in order to reach a consensus on the amount which China would join.

35. The representative of the Government of India also commended the Director-General and the Office on the prudent financial management that had resulted in the surplus for the 1992-93 biennium. The Committee still awaited the Treasurer's explanation of the actual amount of the surplus, taking into account the voluntary reductions that had been made in the various programmes, after which it would be easier to react to the proposals for redistribution. The suggestion had been made that only those items of expenditure that were approved in the 1992-93 budget be financed from the surplus, but this was against the spirit of the proposals, which in fact gave the Office a one-time opportunity to review the developments that had taken place. To take the position that only previously approved items should be addressed might be correct in terms of financial propriety, but was not the most rational choice.

36. The redistribution of the surplus among countries undergoing major political and economic changes gave the impression that only countries undergoing a transformation to a more democratic regime would qualify for special assistance or higher allocations. The allocations for South Africa and for the occupied Arab territories merited support, but so did the allocation for Central America. The allocation for Asia consisted in a relatively small allocation for some of the countries in South-East Asia, based on the principle that countries would qualify only where political and economic changes were taking place. India, like China, was a very large country undergoing economic change, structural reform and adjustment, but in India there was no apparent political change because the traditions of democracy and tripartism which the ILO stood for had deep roots in India. If inadequate appreciation was shown for the social dimensions of these changes, then the system of equality, which seemed well rooted, might be endangered. The allocation for provision of technical advisory services to strengthen the social security system, to cope with the social impact of economic reform, needed to be reinforced.

37. In the same context, certain other proposals, such as the training of management staff, the development of ILOLEX and INTERNET, could more appropriately be taken up in the budget for the next biennium on a more permanent basis. The present surplus could better be used for the urgently needed technical advisory services and technical cooperation in countries that required the ILO's active intervention. Certain items such as the ILO's work for the World Summit for Social Development could be retained because such needs were not foreseen when the programme and budget for the biennium was originally proposed. The restructuring or upgrading of the facilities for the multidisciplinary teams to support the active partnership policy was also a new area that needed support.

38. The representative of the Government of Japan observed that political, economic and social changes during the past biennium had made it difficult for some member States to pay their contributions on time and the Organization was now fortunate in having a surplus. This surplus should only be used for exceptional or urgent purposes, so that some refund could be made to member States. Non-urgent items should be included in the normal budgeting process.

39. The representative of the Government of the Netherlands commended the Director-General and the Office on the prudent and forward-looking management which had created the present surplus. The Office should be rewarded for its efforts and therefore a waiver of article 18 of the Financial Regulations was appropriate. The question then to be addressed was what part of the surplus should be returned to member States and what part should be used for additional expenditure by the Office. This question could not be separated from the quality of the projects proposed, and most of them could be supported as long as they met certain criteria: they should be intrinsically valid; they should not lead to recurrent expenditure that would raise the baseline of the budget; and they should have top priority. Several of the projects did not appear to meet these criteria, but detailed discussion on this topic could take place at a later stage.

40. The representative of the Government of Pakistan shared the concerns expressed by the previous speakers and commended the Director-General for the prudence which had led to the present surplus. He endorsed the proposals in general, but was concerned with the small amount earmarked for a region as populous as South-East Asia, and urged that the allocation be increased.

41. The representative of the Government of Ghana commended the Director-General and the Office on their prudent management of resources and foresight in preparing proposals for expenditure of the surplus on certain activities of the Organization. The world was changing rapidly, and the ILO needed to react decisively and creatively to these changes by ensuring that it was able to discharge its responsibilities effectively to its constituents. In this context, the Government of Ghana supported the one-time use of the surplus on items such as the modernization of the ILO's field offices and improvements in the efficiency of the offices. Since these activities would be undertaken at some time or other, accepting this responsibility was in the long-term interests of the Organization. For the purpose of consensus it appeared that some refund would have to be made to governments, but it should be modest.

42. The representative of the Arab Labour Organization welcomed the ILO's initiative in allocating part of the cash surplus to activities in the occupied Arab territories. However, a higher amount had been mentioned at an earlier stage, and the resources now earmarked were modest by comparison with real needs. He hoped that they would not be absorbed by administrative costs: the needs of the Palestinian people were extensive, and real activities were needed, not bureaucracy. As regards paragraph 33, he was deeply disappointed that the Regional Office for Arab States had still not returned to Beirut, despite reassurances that it would do so as of 1994

given by the representative of the Director-General to the Committee on Technical Cooperation in November 1993. The issue had become a recurrent problem: the matter was regularly raised at sessions of the Governing Body and meetings with the Arab Labour Organization and the League of Arab States, and the Lebanese Government had agreed on the arrangements for the transfer. The retention of the Regional Office in Geneva was contrary to the aim of decentralization, was retarding the deployment of the multidisciplinary team, and was not in the interests of ILO technical cooperation. Nor were the cuts in the budget of the Regional Office justifiable. He therefore called on the Director-General to attach priority to this question and to visit Beirut himself if necessary.

43. Mr. Tapiola (Worker member) explained why it was impractical to decide that only those proposals which were already included in the Programme and Budget for 1992-93 should be covered. Some items which had been cut from that budget had already been transferred to the Programme and Budget for 1994-95, while others had been dropped. Referring only to the budget of the previous biennium would penalize the Office for prudent management, as well as penalizing countries which paid on time. Mention had been made of a symbolic repayment to member States, but this was not a measurable concept and therefore not a helpful solution. A better way to act symbolically was to use the surplus for activities which benefited the ILO's constituents. One such activity missing from the list was voter education in South Africa, which had been agreed at the Eighth African Regional Conference.

44. The representative of the Government of France commended the Director-General and the Office on their good management, in view of which he invited the Committee to place its faith in the Director-General and to accept the proposals. Much of the preceding discussion, while interesting, had been directed at issues which would be more appropriately dealt with in the context of future debates in the course of the present biennium. The issue at hand was not the reorientation of the whole policy of the ILO through these additional expenditures; that was a question for future discussion. Of course, the needs and views of countries affected by conditions of global change would be heard. But the situation today concerned a certain number of proposals arising from the past, not the future. It was not useful to enter into a lengthy debate on them, and he agreed with the representatives of the Governments of Canada and the United Kingdom concerning the operation of article 18 of the Financial Regulations. Even though the present situation was exceptional, the article did not need to be modified, and accordingly, a symbolic amount should be returned to countries.

45. The representative of the Government of Italy concurred with the representative of the Government of France.

46. Miss Mackie set out the priorities of the Employer members. They supported the allocations for technical cooperation projects, which, having been included in the original budget, deserved to be restored in full. They also supported activities responding to urgent and unexpected needs that could not have been foreseen in the budget. On the other hand, the Employer members could not support items which should have been foreseen, and should have been included in the budget proposals when they were adopted. Some support could be given for one-off modernization items which did not incur future expenditure, and some form of reserve or supplement to the Working Capital Fund might be created in order to avoid similar situations in the future. Several items on the list, however, seemed very large, for reasons which were not clear: others did not appear to be satisfactorily justified, and some might be considered opportunistic, for example the additional $100,000 expenditure on the celebration of the ILO's 75th anniversary. Maintenance needed to be handled in the regular budget, not on windfall occasions such as the present one. Any item which would have been a real problem for the Director-General had this windfall not occurred, was not an appropriate item for this list.

47. Miss Hak (Employer member) recalled that the present anomalous situation had arisen as a result of different factors: a decision had been taken the previous year to make savings in the budget to compensate for a projected shortfall in income — while the Employer members had not fully agreed with the priorities underlying the cuts, they had accepted these cuts — and then late payments had been made by certain governments. The last had resulted in a cash surplus. Now it was proposed to waive the application of article 18 of the Financial Regulations so as to make the surplus available to the Office for additional activities. If some or all of the surplus was given to the Office, then it was necessary to discuss how it should be spent, and the proposals in the Office paper on this issue were not acceptable to the Employers.

48. The Director-General made a further statement to the Committee in the light of the discussions so far. This statement is reproduced in Appendix III.

49. The representative of the United States Government did not wish to impede a consensus, but was in favour of the retention of article 18 of the Financial Regulations in its present form, and would have preferred the majority of the surplus to be restored to member States.

50. After a brief adjournment, the Chairman proposed that the Committee should take a decision on the waiver of article 18 so as to grant a proportion of the cash surplus to the Office, and discuss further the question of how to allocate the surplus between the various Office activities.

51. Miss Mackie reiterated that the Employers did not feel that the Director-General's proposals for the use of the surplus had given sufficient attention to their own priorities. They did not feel that they had been given sufficient information, nor that there had been sufficient time to consider the proposals, which involved substantial amounts of money. The paper had not arrived early enough for any work to be done on it. As a result, they considered that neither the proposals nor the procedure being followed were appropriate, and they felt coerced into accepting a *fait accompli*. They could not contribute to a consensus on that basis. She therefore proposed that the Committee should move on to the next item on its agenda, and return to the question later in the week.

52. Mr. Vanni stated that, although they were in principle opposed to the repayment of a symbolic amount to governments, the Worker members found the proposals acceptable. They also regretted that there had not been sufficient time for a discussion on their substance. They would accept a consensus decision but, if a consensus was not possible, then they would also have proposals for the use of the surplus.

53. The representative of the Government of Mexico, speaking on behalf of the Latin American Government members, stated that they shared the Employers' concern at the lack of time for a proper discussion of the proposals, which clearly merited examination. However, a consensus would be difficult to achieve on the basis of the Office paper, and he therefore supported Miss Mackie's suggestion that the Committee should return to the question later in the week. The situation was unique, and particular caution was necessary.

54. The representative of the Government of Tunisia, speaking on behalf of the African governments, expressed his support for the Director-General's proposals and hoped that a revision of the proposed use of the 1992-93 cash surplus would include further support to the constituents in countries and territories undergoing major political and economic changes.

55. The representative of the Government of France considered it improbable that the existing deadlock would be resolved by putting the matter to the vote or that holding a further sitting of the Committee in two days' time would solve the problem. The Director-General's proposal to apply article 18 of the Financial Regulations to approximately 11 per cent of the surplus appeared to meet with general approval in the Committee and he therefore suggested that the 11 per cent/89 per cent division split of the surplus could be decided at this sitting, leaving the precise breakdown of the 89 per cent portion of the surplus to be decided at the Committee's proposed sitting in two days' time.

56. The representative of the Government of Brazil suggested that another possibility would be to use the cash surplus to fund a single important programme such as that concerning the elimination of child labour. The one-time funding of such a programme would have a major impact at a time when the ILO had a very important role to play in this field.

57. The representative of the Government of the United Kingdom supported the proposal made by the representative of the Government of France concerning the agreement at the present session to the percentage of the cash surplus to which article 18 would be applied.

58. The representative of the Government of Germany also supported that proposal and agreed that the idea proposed by the representative of the Government of Brazil offered numerous advantages. He pointed out, however that by utilizing the cash surplus, more money would be spent than was approved for the 1994-95 biennium by the Conference. He stressed that only the latter should serve as the reference amount for zero growth in the next programme and budget.

59. The representative of the Government of the United States wished to clarify his understanding that the amount to be returned to member States would be 11 per cent of the cash surplus.

60. The representative of the Government of Japan wished to place it on record that, although he would join a consensus on the amended proposal for the use of the cash surplus, he was not satisfied with the percentage to be distributed to member States.

61. The representative of the Government of the Islamic Republic of Iran also supported the suggestion made by the Government of France and hoped that consensus could eventually be reached on the use of that part of the surplus which would not be returned to member States.

62. The discussion on this item was suspended at this stage to allow the Office to prepare amended proposals to take account of views expressed so far by the Committee. The Committee reconvened on Friday 25 March 1994 and the comments on the amended proposals are produced in paragraphs 63 to 73 below.

63. The Chairman recalled that the Committee had earlier agreed that, out of the total surplus of $16,710,574, an amount of $14,986,000 would be retained by the Office for programme purposes and that the balance of $1,724,574, which was a result of the reductions proposed by the Director-General to the Committee, would be credited to member States in accordance with article 18 of the Financial Regulations. However, as the Committee had not been able to reach agreement on the specific utilization of the remaining cash surplus of $14,986,000, it had been agreed that the Committee would reconvene in the hope that the consultations in the meantime would enable a consensus to be reached.

64. The Chairman recalled that he had been very reluctant to put the matter to a vote, and he was therefore extremely grateful to the groups for the consultations that had been held and for the efforts that they had made to find what he hoped were acceptable compromises. He also expressed appreciation to the Director-General and his staff for facilitating the negotiations.

65. A revised table had been prepared to show further proposed adjustments to the utilization of the cash surplus. An amount of $1.1 million had been added to the proposals under the heading "ILO support to constituents in countries and territories undergoing major political and economic changes". A corresponding reduction had been made under the other headings in order to finance this increase. The Chairman pointed out that the proposals now before the Committee were the result of extensive negotiations, and he hoped that they would be adopted by consensus.

66. The Chairman recognized that it had not been possible to provide all the detailed information that the Committee might have wished to see in relation to the proposed adjustments, but this should not be an impediment to accepting them. It would be necessary to provide some further information to the Conference in support of the request for a partial waiver of the provisions of article 18 of the Financial Regulations, but this could be submitted to the Officers of the Committee for their approval before being included in Report II to the Conference.

67. The Chairman noted that a number of interesting suggestions had been put forward during the consultation process and he was confident that the Director-General would give them the fullest consideration. He opened the floor for discussion and expressed his hope that it would be possible to adopt the amended proposals by consensus.

68. Miss Mackie, for the Employer members, expressed gratitude for the flexibility and understanding of the Chairman and the Committee in agreeing to defer the discussion to allow for further information to be provided and full consultation among members of the Committee. The Employers were now able to express their full support for the amended proposals now put forward by the Office.

69. Mr. Vanni stated that the Worker members could give their full support to the amended proposals put forward by the Director-General.

70. The representative of the Government of the Philippines was pleased to report that there was a solid consensus among the Government members in favour of the amended proposals put forward by the Director-General.

71. The representative of the Government of the United States was prepared to accept the consensus in the Committee on the amended proposals. However, it would have been preferable for the $164,000 allocated for the renovation of the fire alarm system to be allocated instead for activities in support of constituents in countries and territories undergoing major political and economic change. Renovating the fire alarm system was an important safety measure but this expenditure should be covered by the Building and Accommodation Fund, in accordance with article 11.3 of the Financial Regulations, which stated that this Fund was to be used to cover the costs of construction, alterations, repairs and renewals. It would also have been preferable to see

support activities boosted by a further $75,000 by a transfer from the allocation for ILO participation in the World Summit for Social Development.

72. The representative of the Government of Tunisia stated that the African Government members would have preferred a substantial increase in the allocation for ILO support to constituents in Africa, in view of the considerable needs of African member States affected by the devaluation of the CFA franc and of other member States suffering from the effects of poverty, unemployment and structural adjustment programmes. As the proposals in the new Office paper were the outcome of consultations and a consensus had emerged in their favour, the African Government members were prepared to support them.

73. The Chairman expressed appreciation to the members of the Committee for the spirit of consensus which they had displayed in their consultations and discussions.

74. ***The Committee recommends that the Governing Body propose to the 81st (1994) Session of the International Labour Conference that, as an exceptional one-time measure and in derogation of article 18 of the Financial Regulations, expenditure itemized in Appendix IV to this report, amounting to 21,729,700 Swiss francs be financed from the 1992-93 cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar), and that it adopt a resolution in the following terms:***

The General Conference of the International Labour Organization,

Noting that for the 1992-93 biennium an excess of regular budget income over regular budget expenditure has resulted in a cash surplus of 24,230,334 Swiss francs (equivalent to $16,710,574 at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar),

Decides, as an exceptional one-time measure and in derogation of article 18 of the Financial Regulations, to finance expenditure itemized in Appendix IV to this report, amounting to 21,729,700 Swiss francs from the cash surplus, thereby reducing by a corresponding amount the sum which would otherwise be available for reducing member States' contributions for 1994-95,

Notes that, taking into account the above appropriation, the amount available under article 18 of the Financial Regulations for reducing the assessed contributions of member States for 1995 will be 2,500,634 Swiss francs.

(...)

Appendix II

First statement of the Director-General concerning treatment of the 1992-93 cash surplus

THE DIRECTOR-GENERAL — I think it would be useful to provide the Committee with some indications, although, in presenting this item, I have the impression of playing the accordion.

In 1991, I had the opportunity to submit a full budget to you. The following year, 1992, and again in 1993 — twice therefore — I had to make proposals for savings amounting to 20 million and 10 million dollars, respectively. Now, because a certain number of countries have paid their contributions or their arrears beyond what was expected, we can reopen the accordion. However, the important point is not to play the instrument, but to produce good music. I would therefore like to justify the paper you have before you today.

The first question which some members of the Committee may ask is why the full amount of the surplus should be used. There is a simple reason for this: when we approved the Programme and Budget for 1992-93 I already indicated how difficult it was for the Office to meet all the requests coming from member States in the framework of a zero growth budget. When we debated the savings amounting to 20 million dollars, and subsequently 10 million dollars, I explained that it was very difficult and painful to have to make a certain number of cuts in programmes.

I can assure you that the situation today is no different. In fact, the resources now available remain within the limits of the budget approved for 1992-93; we are even more than 2 million dollars below the amount of the approved budget. The expenditures I am now proposing for your approval are particularly important for the Organization, that is to say, its constituents.

I know that some of you may agree or differ with regard to these proposals, but I can assure you that we are receiving an ever-increasing number of requests, and we are convinced that we can use these resources in the best interest of our member States. This is the reason for the total amount of the proposed expenditure. As regards the nature of the expenditure, we have endeavoured to take into account the suggestions made by the Committee and the Governing Body, when the possibility of a cash surplus was raised last November. We have therefore proposed in the first part of the document to restore or assign funds for technical advisory services to the ILO's constituents in countries or territories which are at present undergoing political and economic upheavals and are turning to us for help. I will not repeat the full list of the countries concerned, and I will confine myself to stating that we have taken account of the many remarks made at the Committee's last meeting concerning the attention that needs to be paid to the situation in South Africa and the support that needs to be given to the changes taking place in the occupied Arab territories. Other regions of the world require the same attention. For this reason, a considerable part of the funds that we are proposing to use are aimed at assisting various other countries in which far-reaching political and social changes call for action by the Organization.

A series of other proposals are aimed at compensating for budget cuts made at the time when economy measures were decided upon earlier. These proposals include, in particular, technical advisory services, partial improvements to ILOLEX and improvements aimed at strengthening the effectiveness of the Office. Other proposals appearing in the document before you should certainly have found their way into the Programme and Budget proposals for 1992-93. However, the constraints of zero growth did not enable us to maintain them in the budget at that time. But it is obvious that by dint of concentrating the bulk of our resources on meeting the requests of member States, we have been forced to delay spending on certain maintenance and renovation costs which must imperatively be incurred, if we are not to witness a deterioration of the working tool of the Office.

For this reason, you will find in this document a series of proposals relating to the costs of re-equipping and renovating our external offices.

We have instituted an active partnership policy and we have strengthened the ILO's presence in the field. Hence, I feel that advantage should be taken of the possibilities offered by the resources now available in order to incur a certain amount of vital expenditure that will enable the staff of the external offices to work under more satisfactory conditions.

These are the proposals which I wished to make and which I will sum up very briefly. Firstly, we propose to use the full amount of the resources now available, because we are convinced that

we can present you with a programme of justified expenditure. The expenditure now being proposed falls short of the Programme and Budget for 1992-93 approved by the Governing Body and the Conference, and we therefore feel that we are not exceeding the authority given to us. Secondly, we are preparing to restore expenditure which we had to cut because of the financial constraints we faced in 1992-93, or to take account of unforeseen political changes and to respond to new opportunities which present themselves to the Organization for assisting the ILO constituents concerned.

These are the remarks I wished to make on the document before you.

Appendix III

Second statement of the Director-General concerning treatment of the 1992-93 cash surplus

The DIRECTOR-GENERAL — As was said this morning, the discussion can be divided into two parts. The first part concerns the advisability of applying article 18 of the Financial Regulations to the present cash surplus or not, and consequently of deciding whether a modification of the Financial Regulations is necessary. The second part concerns the question whether the proposals for expenditure, which I have submitted to you, are satisfactory or not.

Firstly, I would like to draw the attention of the Committee to the fact that this is not the first time that it is dealing with a cash surplus or a deficit. The Appendix to GB.259/PFA/3/12 provides background information on situations which arose during the last biennia. You have before you information concerning the situations which prevailed in 1982, 1984-85, 1986-87, 1988-89, 1990-91, which show that the ILO is accustomed to treating deficits or cash surpluses.

Nevertheless, I would like to draw the attention of the Programme, Financial and Administrative Committee to the fact that this is the first time that we are dealing with a cash surplus which has resulted from budgetary cuts which were made at the initiative of the Office and approved by the Governing Body.

Had the Office not proposed on two occasions to the Governing Body that savings of $20 million and $10 million be made, there would be no debate about the utilization of the cash surplus today.

In his statement this morning, Mr. Wakaki expressed the hope that a debate like the present one would be exceptional, and I can assure him that I share his concern. Having said that, I believe it important to recall that we dispose today of a cash surplus of $16 million following the previous decisions to save $30 million. The proposals which are now being put forward remain inferior to the savings which have been made.

For several reasons, the proposals are not aimed exclusively at restoring past expenditure items. Firstly, a series of cuts which were proposed in 1992-93 cannot be reversed due to their nature. Secondly, certain programmes were deleted either because technically we are no longer able to implement them or because political events which have occurred in the meantime oblige us to replace them by new proposals and to take changing priorities into account. It is a complex exercise to forecast a series of expenditures three years in advance; and since we have the opportunity to correct our forecasts at the end of the biennium, I believe that it is difficult to hold it against us that three years ago we had not foreseen various items which have become important today.

These are my feelings which I wanted to share with you. We made savings out of a concern for good management and I think that the Committee is unanimous in not wishing to penalize good management. In order to respond to the concern expressed by several members of the Committee, namely to return a token amount to member States, we have reduced the proposals for expenditure which have been submitted to you. I do not know whether this will meet with general satisfaction. As a matter of fact I note that a substantial number of Committee members considered that the full amount of the expenditure proposed was justified. Others considered that a symbolic reduction should be made. With your permission, I would now like to present you with my proposals in this regard.

I propose to maintain the amounts assigned in the first set of proposals for support to the ILO's constituents in countries and territories undergoing far-reaching political and economic changes. Everyone recognizes that this is a top priority. Obviously, some would consider that more is needed than the amounts earmarked for each region, but unfortunately it seems difficult to reconcile that position with the concern expressed about the need to reduce the global amount. Other members of the Committee were rightly preoccupied about penalizing "the good pupils in the class, those who suffer in silence, those who have to implement a development programme without necessarily experiencing dramatic situations". I fully share their concern and this is the reason for proposing to increase by $1,900,000 the resources assigned to technical advisory services. This enables us to improve our activities in a number of countries which are not

necessarily undergoing political and economic upheavals and to restore a certain equity. This is what can be said concerning the first package of $4,900,000.

Concerning the second set of proposals, the amount envisaged for studies on international labour standards is reduced to $250,000. Nevertheless, we think that we have to maintain this work item which responds to various extremely precise requests made by many members of the Governing Body who are calling for a revision of the Organization's standard-setting work.

Paragraph 29 relates to the improvement of the ILOLEX system. We propose to reduce this amount to $350,000. These are the only two changes we propose in this set of proposals. We are convinced that the other expenditure items are really indispensable if we wish to fulfil our responsibilities with regard to the World Summit for Social Development and the World Conference on Women which will be convened in Beijing. Concerning the modernization of ILO's field offices, mentioned in paragraph 30, we propose to reduce the envisaged amount by $400,574, without affecting the proposals in paragraphs 31 to 33.

The item "transfer of administrative functions to external offices", described in paragraph 34, is reduced to $2,300,000. I continue to believe that we need to make a considerable effort if we really want to make our Active Partnership Policy a success and to increase the responsibilities of our external offices in order to ensure a better ILO presence in the field, which is really important.

Concerning paragraph 35, we propose to reduce the cost of the first item "supplementary activities in the field of information" to $500,000. This reduction is made with great reluctance as we have often been criticized for not having sufficiently promoted the ILO's public image and for not appearing often enough in the press. It is a bit damaging to have to reduce these amounts, but we propose here to make a saving of $120,000 as compared with the initial proposals. As regards paragraph 35, the amount provided for missions concerning the 75th anniversary is reduced to $70,000. It may seem ridiculous to provide for such an amount, but I can assure you that a very large number of member States have requested high-level Office representation at events which they are organizing for the 75th anniversary. We had considered it necessary to dispose of $100,000 for these additional missions but we will be content with $70,000 and I hope that this will be acceptable.

As for the improvements aimed at increasing the efficiency of the Office, the proposal included in paragraph 37 concerning the repair of the joints of the building is deleted. Naturally, this repair will appear in the programme and budget proposals for the next biennium, because it is not in our interest to let the building deteriorate or to allow the absence of joints of the required standard of quality to increase the cost of the Office's maintenance. As regards paragraph 38 concerning the modernization of the financial services, we propose a reduction of the expenditure by $125,000, which would leave us with $600,000.

All this amounts to a global reduction of $1,724,524, that is a reduction of about 11 per cent compared to the proposals which were submitted to you this morning. As I also said this morning, this is in addition to the $2,400,000 savings already made in the programme for the biennium 1992-93. It represents a total of $4,100,000 savings for governments compared to the budget which was approved by your Committee, the Governing Body and the Conference.

Mr. Chairman, these are the replies I wish to give to the Committee. As you see, we have not deleted any item except for one, because we are convinced that all the items proposed to you are meaningful and important. It would obviously have been easier to include only the items under which we can provide immediate assistance to member States, but we have to maintain an institution, we have to manage services and personnel and that costs money. It would have been irresponsible on my part to make savings on those aspects in order to devote my proposals exclusively to services which could immediately be rendered to member States. In improving our network of field offices, we are convinced that we improve the services rendered to member States. It is obvious that in a certain number of cases, the increase in the number of ILO staff in the field, in particular through the multidisciplinary teams, cannot take place without ensuring the necessary logistics.

Mr. Chairman, I have concluded the remarks which I wanted to make in this respect, and I hope that the Committee will by and large endorse the programme of new expenditure which I am proposing to you.

Appendix IV

Proposed use of the 1992-93 cash surplus

Summary	Dollars	Adjustments already proposed	Further possible adjustments
		(decreases)	increases (decreases)
ILO support to constituents in countries and territories undergoing major political and economic changes			
South Africa	900 000		100 000
Occupied Arab territories	800 000		100 000
Central and Eastern Europe	700 000		100 000
Asia	250 000		250 000
The Americas	150 000		275 000
Africa	200 000		275 000
Technical advisory services	1 900 000		—
	4 900 000		**1 100 000**
ILO participation in the World Summit for Social Development and other major technical activities			
ILO work for the World Summit for Social Development	842 000		
Support to the Special Adviser on Women's Questions	366 000		
Encyclopaedia of Occupational Health and Safety	500 000		
Study on international labour standards	352 000	(102 000)	(100 000)
Development of ILOLEX	452 000	(102 000)	
ILO access to INTERNET	95 000		(95 000)
	2 607 000	**(204 000)**	**(195 000)**
Modernization of the ILO's field offices			
Re-equipping/redecorating/renovating ILO external offices	2 400 574	(400 574)	(369 000)
Transfer of financial administration to field offices; and computerization of sales records in ILO external offices	2 385 000	(85 000)	(350 000)
Strengthening implementation of the Active Partnership Policy	130 000		
	4 915 574	**(485 574)**	**(719 000)**
ILO public information activities			
Additional public information activities	620 000	(120 000)	
75th anniversary missions	100 000	(30 000)	(70 000)
	720 000	**(150 000)**	**(70 000)**

Summary	Dollars	Adjustments already proposed	Further possible adjustments
		(decreases)	increases (decreases)
Improvements in the efficiency of the Office			
Management and technical training for staff	955 000		
ILO building, repair of joints	760 000	(760 000)	
ILO building, renovation of the fire-alarm system	164 000		
Replacement of old printing presses	116 000		(116 000)
Modernization of the ILO's financial systems	725 000	(125 000)	
	2 720 000	(885 000)	(116 000)
ILO policy-making organs			
Conference: electronic voting	273 000		
Third Session of the Committee of Experts on the Application of Conventions and Recommendations	575 000		
	848 000		
Total adjustments		(1 724 574)	
Total provisional cost in US dollars calculated at the 1994-95 budget exchange rate of 1.45 Swiss francs to the US dollar	16 710 574	14 986 000	14 986 000
Total cost in Swiss francs	24 230 334	21 729 700	21 729 700

* On the understanding that the increase is going to be used for Central Asian and other developing countries presently covered by the Regional Office for Europe.

Programme and Budget for 1994-95: Treatment of the cash surplus arising in the biennium 1992-93

Further information in support of the request for a partial waiver of the provisions of article 18 of the Financial Regulations

1. In determining its recommendation to the Conference concerning the treatment of the cash surplus for the biennium 1992-93, the Governing Body based itself on the First Report of the Programme, Financial and Administrative Committee (GB.259/8/34), which noted inter alia that it would be necessary to provide further information to the Conference in support of the request for a partial waiver of the provisions of article 18 of the Financial Regulations, such further information to be included in Report II to the Conference. Such further information would reply to various questions posed by members of the Committee concerning specific items in the proposals submitted by the Director-General (see GB.259/PFA/2/9).

2. The resources shown in the Programme and Budget for the biennium 1994-95 for the office of the Special Adviser on Women Workers' Questions under major programme 40, concern only the post of the Special Adviser and one secretary, as in the biennium 1992-93. It has become clear that this staffing is inadequate to ensure a substantive ILO contribution to the preparatory process for the United Nations World Conference on Women to be held in Beijing in September 1995, by participation in meetings and by the development of authoritative ILO position papers. This provision is also inadequate in terms of the need to follow up the interdepartmental project on equality for women in employment, by the publication of completed research, and by the provision of advice to the multidisciplinary teams on the integration of the results of this work into their activities. For these reasons it is proposed to strengthen temporarily the office of the Special Adviser by one Professional post, secretarial support and miscellaneous non-staff costs, at a total cost of $366,000.

3. In many recent discussions concerning the Conference agenda, members of the Governing Body have called on the Office to examine the need for new standards, and for the revision of standards adopted in the past. Requests have also been made with respect to the consolidation of several standards in certain technical fields. In order to enable the Office to reply to such questions and to assist the Governing Body in discussions requiring a long-term view on standard setting, a study will be carried out by the office on the future possibilities for Conference agenda items relating to standards. Taking account of the adjustments made by the Programme, Financial and Administrative Committee to the original proposals of the Director-general the amount to be allocated for this study is $150,000.

4. For several years the Office has been developing an integrated information system (called ILOLEX) on international labour standards, the supervisory machinery for the application of standards, and national legislation. The proposed additional provision will enable substantially more information to be included in the ILOLEX system, including: General Surveys (article 19) of the Committee of Experts since 1987; interpretations of Conventions published in the *Official Bulletin* since 1990; and the *Digest of Decisions* of the Committee on Freedom of Association. Technical improvements will also be introduced into the computer system which supports ILOLEX, to improve on-line access and facilitate the access of constituents to ILOLEX by means of a modern user environment such as WINDOWS. The total cost of the various activities envisaged, as approved by the Governing Body, amounts to $350,000.

5. Progress is being made on the preparation of the next edition of the *Encyclopaedia of Occupational Health and Safety*, one of the most authoritative works of reference published by the ILO. However, it is becoming clear that the extent of the revisions required to the text prepared for the last edition is far greater than previous anticipated. Apart from the issue of the extent of the revisions required, there is also the question of technical quality. Much more work than was anticipated earlier is necessary in order to check the quality of articles prepared by experts, or revised by such experts on the basis of articles in the last edition, in order to take appropriate account of the fact that conditions in member States vary considerably. It is proposed to set aside an initial amount of $500,000 to cover temporary staff costs in the biennium 1994-95, so as to ensure high technical quality in the *Encyclopaedia*, its publication by the ILO itself, and the production of an electronic version in the form of a CD-ROM. With the additional resources

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envisaged, an electronic production process for the *Encyclopaedia* will become possible, so that the text used to print the book can be used to produce a CD-ROM at a limited additional cost.

6. In accordance with the active partnership policy it is intended, as announced in the Programme and Budget for the biennium 1994-95, to transfer a wide range of financial administrative functions to ILO external offices. However, since the present Programme and Budget was finalized, it has become clear that the actual transfer of these functions is likely to prove more complex than foreseen, despite the long-term staff economies which may be realized, and the efficiency gain achieved by the location of administrative support close to technical projects in the field. A major project has therefore been designed comprising components such as the following: the decentralization to regional offices of the verification and data entry of field accounts; the installation in all regional and area offices of a local payroll system for staff and project staff, a financial management and control system; a technical cooperation budget preparation and revision system; a budgetary management and control system; and a regular budget forecasting system. The implementation of the project will require the training of staff, the preparation of manuals and the installation of hardware and software in all ILO external offices. Provision is also included for the computerization of publications sales' records in a number of ILO external offices, an important project which should in the long term lead to a substantial efficiency gain in these offices. The resources approved by the Governing Body for these activities amount to $1,950,000.

7. A project has to be implemented, as envisaged in the Director-General's proposals concerning the cash surplus, to improve the computer systems relating to the Conference, and in particular to electronic voting. The objectives of this project are to improve the operating efficiency of the Conference, especially taking into account the envisaged reduction in its length; taking further steps to assure the confidentiality of the votes of delegates; and integrating the Conference administration system with the electronic voting system. The project will lead to an integrated information system covering the accreditation of delegates, registration of delegates, the composition of committees, speakers in the plenary discussion, the conference telephone list, electronic voting, the list of delegates, and various special ad hoc reports required during the Conference by the Secretariat, and by the groups in the Conference. When implemented, it is anticipated that the project will result in a more efficient electronic voting procedure in the Conference plenary; faster and easier accreditation, registration and general information services for delegates; and a more efficient system for the production, distribution and, possibly, replacement of badges. The total cost of the project is $273,000.

8. On several occasions in the past year the Governing Body has emphasized the need for the Office to play a significant role in the preparation of the World Summit for Social Development, to be held in 1995. Indeed, the Office has already been called upon to prepare papers for various preparatory meetings to be organized by the United Nations. A programme of research, including the analysis of existing statistics, will be needed in order to prepare substantive documentation concerning the extent of unemployment and poverty in countries throughout the world. Ways will be sought of presenting the results of this work in such a way as to project a clear image of the ILO and its role in relation to the problems of unemployment, poverty and social development. A special effort will be made to provide appropriate documentation to the World Summit itself, and to the media at the time of the Summit. Indeed, most of the resources available will be used for this purpose. With this end in view, the Governing Body approved an amount of $842,000 for the preparation and processing of the reports reflecting the research and analysis mentioned above.

9. Apart from the World Summit for Social Development, in 1995 the 50th Anniversary of the United Nations will be commemorated. In order to sharpen the image of the ILO in the mass media in relation to these events, it is envisaged to produce several documentary films concerning problems with which the Organization has to deal. Topics which might be dealt with in this way include (for example) equality for women, and the problems of migrant workers. The Governing Body decided to set aside an amount of $500,000 for the preparation of documentary films and photographic materials relating to the ILO's role in relation to the problems addressed by the Summit, especially those of special significance in the world of work. These resources will enable the production of films of a much higher quality than would be possible within the limits of the normal budgetary allocation.

10. The constraint of zero real growth over the last four biennia, coupled with repeated programme reduction exercises, has hindered the renovation of ILO external offices and the modernization of their stock of equipment and furniture. The need for appropriately equipped

offices and reasonable physical working conditions, taking due account of security considerations, has increased considerably, now that the multidisciplinary teams have been established. It is therefore judged necessary renovate the offices in Africa (Algiers, Addis Ababa, Cario, Dar es Salaam, Antananarivo, Lagos, Kinshasa, Lusaka, Yaounde, Abidjan, Dakar and Harare); in Asia (Manila, Colombo, Dakar, Bangkok, Jakarta and Suva); and in the Americas (Brazilia, Port of Spain, San José, Mexico City and Lima). Resources are also required for re-equipping ILO offices (computer equipment, furniture, vehicles and security devices) in the major developing regions. Finally, funds are also required, as explained in the paper submitted to the Programme, Financial and Administrative Committee, for the purchase of an office in Buenos Aires; for the renovation and refurbishing of the new office in Beirut, and removal costs; and for the extension of ILO premises in Abidjan. The Governing Body approved an amount of resources totalling $1,631,000 for the purposes described in this paragraph.

11. The table which follows summarizes the recommendations of the Governing Body, as determined at its session in March 1994, by major programme and by type of expenditure.

	Description	Prof.	GS	Non-staff	Total
		W/M	W/M	$	$
40.	**General management**				
40.1	Strengthen temporarily the Office of the Special Adviser on Women's Questions for the United Nations Fourth World Conference on Women	18	9	93 498	366 000
50.	**International labour standards and human rights**				
50.1	Study on future standard-setting items for the agenda of the Conference	10	0	34 020	150 000
50.1	Committee of Experts on the Application of Conventions and Recommendations; additional session in 1995, brought forward from 1996, as decided by the Governing Body in November 1993	4	4	320 280	395 000
50.5	Expansion and further development of ILOLEX	14		187 628	350 000
	Subtotal				895 000
90.	**Working conditions and evironment**				
90.3	Strengthening the Encyclopaedia of Health and Safety	18	18	163 760	500 000
140.	**Interdepartmental projects**				
140.5	Preparation of substantive documentation to be submitted to the World Summit for Social Development	60		146 120	842 000
150.	**Development cooperation**				
150.2	Staff training workshops and other activities related to the implementation of the Active Partnership Policy			130 000	130 000
160.	**Personnel**				
160.2	Training activities for ILO officials			955 000	955 000
170.	**Financial and central administrative services**				
170.1	Decentralization of financial functions to ILO external offices	90	24	551 212	1 765 000
170.2 and 170.3	Modernizing the ILO's financial systems in BUDFIN and TRESOR	36		182 472	600 000

	Description	Prof. W/M	GS W/M	Non-staff $	Total $
170.4	Renovation of the fire alarm system			164 000	164 000
	Subtotal				2 529 000
180.	**Editorial and document services**				
180.2	Computerization of sales and promotion of ILO publications work to the external offices			185 000	185 000
180.4	Printing and typing support for the additional session of the CEACR in 1995			155 000	155 000
	Subtotal				340 000
220.	**Relations and meetings**				
220.1	Improvements to the ILC's electronic voting system	5		215 010	273 000
220.2	Interpretation for the additional session of the CEACR in 1995			25 000	25 000
	Subtotal				298 000
235.	**Public information**				
235.1	Additional public information activities to support the ILO's 75th anniversary			500 000	500 000
250.	**Field programmes in Africa**				
250.02	Support to constituents in South Africa			1 000 000	1 000 000
250.02	Support to constituents in Africa			475 000	475 000
250.04	Expansion of existing premises of the Regional Office in Abidjan			350 000	350 000
	Subtotal				1 825 000
260.	**Field programmes in the Americas**				
260.02	Support to constituents in the Americas			425 000	425 000
260.04	Purchase of premises in Buenos Aires			340 000	340 000
	Subtotal				765 000
265.	**Field programmes in Arab States**				
265.02	Support to constituents in the occupied Arab territories			900 000	900 000

	Description	Prof. W/M	GS W/M	Non-staff $	Total $
265.03	Removal to, and renovation of, new premises in Beirut			166 000	166 000
	Subtotal				1 066 000
270.	**Field programmes in Asia and the Pacific**				
270.01	Support to constituents in Asia and the Pacific			500 000	500 000
280.	**Field programmes in Europe**				
280.01	Support to constituents in Central and Eastern Europe			800 000	800 000
	All regions				
	Renovations to various external offices			304 000	304 000
	Equipment, computers and furniture for various external offices			471 000	471 000
	Technical advisory services	150		160 300	1 900 000
	Grand total				$14 986 000
	Grand total in Swiss francs at the 1994-95 budget rate of exchange of 1.45 Swiss francs to the US dollar				SF21 729 700

INTERNATIONAL LABOUR OFFICE

GB.259/PFA/9/7
259th Session

Governing Body

Geneva, March 1994

Programme, Financial and Administrative Committee

PFA

NINTH ITEM ON THE AGENDA

Other financial and general questions

Treatment of amount received from the Compagnie Générale de Climatisation et de Maintenance

1. Prior to the ILO's move into its present headquarters building in 1974, it was decided to have the maintenance work contracted out to a specialized company in view of the complexity of the building's technical installations and equipment. In early 1974 the ILO entered into a 20-year contract with the Compagnie Générale de Climatisation et de Maintenance (CGCM), which undertook responsibility for the proper functioning of the headquarters building's air-conditioning, heating, ventilation and sanitary installations.

2. Under the terms of the contract, CGCM operated a guarantee fund to cover the cost of the proper functioning of all the technical installations for the building's air-conditioning, heating and ventilation. These include the boilers, the compressor turbines for the air-conditioning system and ancillary equipment such as pumps and fans. CGCM was responsible for providing all necessary spare parts for the servicing of the equipment and replacing equipment that could not be repaired.

3. The contract included a clause which provided that the funds set aside by the GCCM to finance the cost of spare parts and the replacement of equipment should be kept by CGCM in a separate interest-bearing account, and that any balance at the end of the 20-year contract period would revert to the ILO. The Committee was informed of the possibility of such a payment to the ILO in a paper on the Building and Accommodation Fund [1] submitted to it at the 254th (November 1992) Session of the Governing Body.

4. The Office recruited a consultant, who was formerly responsible for the maintenance of public buildings of the Canton of Geneva, to advise on the best course to follow for the maintenance of the building upon the expiry of the contract with CGCM at the end of February 1994. In accordance with the advice of this independent specialist, the Office has renewed the maintenance contract with CGCM for a period of four years, but under substantially modified terms in the light of the experience gained in the maintenance of the building. The recently concluded contract reduces the responsibility of CGCM and provides for the more active involvement of the Office in day-to-day maintenance and monitoring. It is expected that, under the new contract, savings of up to $600,000 per annum will be achieved in respect of building maintenance, after allowing for the reinforcement of the Building Maintenance Section to deal with the additional work. It will be recalled that these savings were partially anticipated in the Programme and Budget for 1994-95 by a programme reduction of $585,000 for building maintenance contracts. The new contract no longer provides for the operation of a guarantee fund for the functioning of technical installations and, accordingly, CGCM was required to pay the Office the available balance in the guarantee fund of 3,668,185 Swiss francs.

[1] GB.254/PFA/3/3, para. 8.

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5. With the experience that the Office has gained, it would be more economical for the Office to manage its own fund for the heavy maintenance and renewal of the building's technical installations and itself to purchase the parts and equipment that may be needed in the future. The equipment in question has a replacement cost of more than 12 million Swiss francs. It is now some 20 years old and will with time either need major overhauls or replacement. The Director-General therefore proposes that the proceeds of the CGCM guarantee fund be paid into the Building and Accommodation Fund and be earmarked for the maintenance of the building's technical installations. Such funds would be subject to the provisions of article 11.3 of the Financial Regulations, which govern the Building and Accommodation Fund, on the understanding that any urgent work that could not be postponed until the next session of the Governing Body would be authorized by the Director-General and subsequently reported to the Governing Body.

6. The amount of 3,668,185 Swiss francs, which represented the available balance on the guarantee fund, should normally be classed as miscellaneous income and paid into the Income Adjustment Account in accordance with article 11.1 of the Financial Regulations. As such, the funds could not be paid into the Building and Accommodation Fund unless a derogation from this provision of the Financial Regulations were to be approved by the Conference.

7. ***The Committee may therefore wish to recommend that the Governing Body propose to the 81st (June 1994) Session of the International Labour Conference that, in derogation of article 11.1 of the Financial Regulations, the amount of 3,668,185 Swiss francs received from the Compagnie Générale de Climatisation et de Maintenance be paid into the Building and Accommodation Fund for the maintenance of the headquarters building's technical installations, and that it adopt a resolution in the following terms:***

The General Conference of the International Labour Organization,

Decides, in derogation of article 11.1 of the Financial Regulations, that the amount of 3,668,185 Swiss francs received from the Compagnie Générale de Climatisation et de Maintenance be paid into the Building and Accommodation Fund for the maintenance of the headquarters building's technical installations.

Geneva, 28 February 1994.

Point for decision: Paragraph 7.

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